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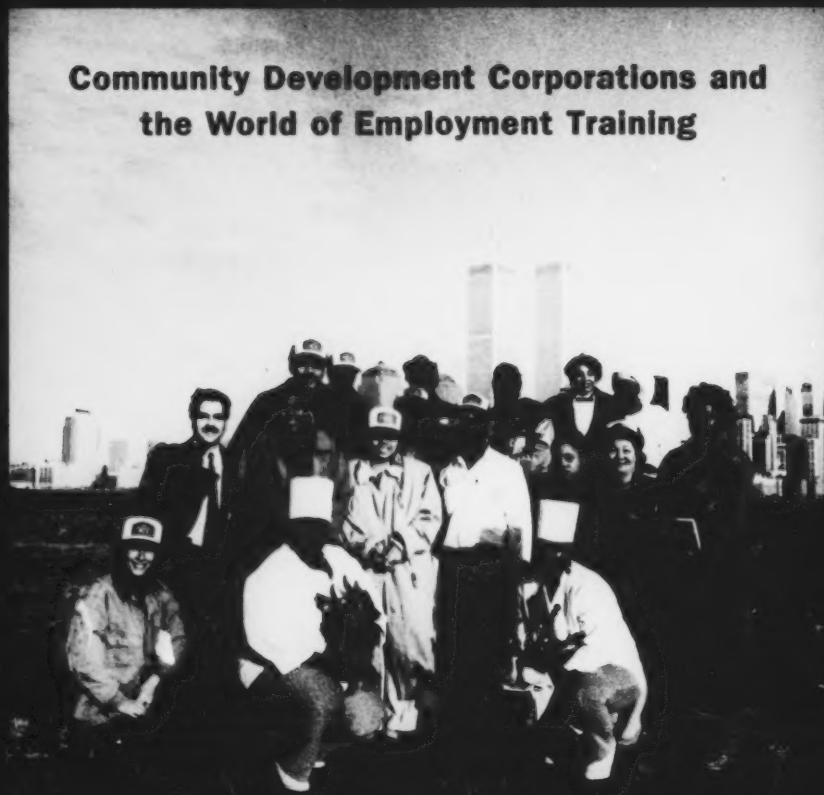
ABSTRACT

Based on interviews with Community Development Corporation (CDC) personnel from many organizations conducted at 10 sites throughout the country, this report presents an overview of CDCs and employment training, supported by detailed case studies. The report is organized in six chapters on the following topics: employment training and the changing labor force, networks and community development, opportunities, frustrations, prospects for employment training, and building bridges between community development and employment training. Nineteen case studies are used to illustrate CDCs in action and to suggest ways that CDCs can best provide employment training within the existing structures in communities. The report includes a glossary of 46 acronyms used in the field of community development and employment training. (KC)

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BUILDING BRIDGES

Community Development Corporations and the World of Employment Training



Bennett Harrison
with Marcus Weiss and Jon Gant

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A REPORT TO THE FORD FOUNDATION

BUILDING BRIDGES

**Community Development Corporations and
the World of Employment Training**

Bennett Harrison
with Marcus Weiss and Jon Gant

A REPORT TO THE FORD FOUNDATION

Cover

Workers from a variety of fields have found jobs in companies at the World Trade Center (background) and with other employers in the New York-New Jersey area through referrals from such community organizations as the New Community Corporation in Newark.

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Preface

Between October 1991 and June 1992, we were part of a team of economists, community development business consultants, and graduate students in public policy (from Carnegie Mellon University in Pittsburgh) and community development (from the Economic Development Assistance Consortium in Boston). The team conducted interviews in, and studied documents pertaining to, 10 urban areas around the country.¹ Over the next year we had follow-up correspondence with dozens of informants, including expert researchers, public officials, Congressional staffers, and, most important, directors and staff members of the more than 100 organizations we visited.

We found that, despite many obstacles, community development organizations have remained involved in the employment and-training business. A significant fraction of community development corporations (CDCs) and community-based organizations (CBOs) continue to be actively engaged in all manner of job training, placement, and counseling activities.

Sometimes these activities are conducted formally, through a title of the nationally funded but locally managed Job Training Partnership Act (JTPA), or in conjunction with vocational high schools or community colleges funded in part by the federal Perkins Vocational Education Act. In other cases, directors and staffers, especially those from mature CDCs—those created in the 1960s and early 1970s—have become disillusioned with or effectively driven out of the JTPA system. They depend on other sources of funding or subsidize their employment training activities from all-too-scarce housing and commercial development resources.

But while many CDCs and CBOs are engaged in some sort of systematic, sustained employment training, few have specialized staff responsible for managing those efforts. Not all CDCs can, should, or even want to add new staff dedicated to employment training programs. Still, many told us that they would create positions if resources were available. All our interviewees were adamant that funders should not expect them to add such programmatic burdens to the already heavy work loads of existing staff.

A few CDCs in each region—the New Community Corporation in Newark, the Center for Employment Training in San Jose, and Chicanos Por La Causa in Phoenix—have managed to mount their own job training programs. But the greatest successes, and the best examples, are found in networks of community organizations. They may be city-

wide, and even metrowide, such as COPS/METRO in San Antonio, the Pittsburgh Partnership for Neighborhood Development, WIRE NET in Cleveland, and the Chicago Jobs Council. Those networks are geared to connecting neighborhood residents with mainstream institutions that can provide them with quality training and, eventually, lasting jobs.

Our observations lead us to encourage the CDC movement to promote the development of more effective networks rather than to build the employment training capacity of individual organizations. By using those networks, residents of low-income neighborhoods may gain significantly improved access to training opportunities and employment throughout a metropolitan area.

Individual CDCs and CBOs can be especially effective in follow-up with neighborhood residents after they are placed in training slots or jobs. Not only does the follow-up help smooth out difficulties and strengthen the confidence of trainees, it also lets the mainstream players know that politically effective community groups are monitoring their operations.

Networking reinforces CDCs' traditional efforts to build neighborhood-oriented small businesses and housing, and finance social services that address the consequences of urban poverty and racial discrimination. It emphasizes forging strong, effective, and long-lasting linkages to the outside world. Especially promising city- and region-wide networking partners are an area's community colleges and major institutional actors, like port authorities. Indeed, targeted investment in organizations working in specific communities, in small-business networks, or in incubators need not be inconsistent with forging tighter links to these powerful regional entities.

Bennett Harrison
with Marcus Weiss
and Jon Gant

Introduction

Consensus has emerged on many fronts that economic development must be better linked to education and training. We are not clear, however, about what this linkage means in practice. Clearly, there is no theory which drives the reshaping.

Prof. Joan Fitzgerald
University of Illinois¹

Community development corporations (CDCs) in the United States have always been involved in employment training activities, as planners, advocates, brokers, managers, service deliverers, and business developers. In some cases, they have provided trainees for public and private agencies beyond the communities they serve. In other cases CDCs, their business ventures, or their subsidiaries have provided training services financed from their own budgets or with special grants or contracts.

Many of these initiatives date from the 1970s, when CDCs were encouraged by philanthropic foundations and the federal government, through the Comprehensive Employment and Training Act (CETA) program, to dedicate a significant share of staff time to job-training and job-creation programs. Innovative approaches were pioneered by individual states, such as California and Massachusetts, and by the U.S. Department of Labor. Many were influenced by creative Canadian programs, which permitted the use of certain job-training funds to capitalize on CDC-sponsored ventures that targeted employment opportunities to low-income persons. Such U.S. CDCs as Impact 7 in Wisconsin and Cabrillo Improvement Association in southern California received national acclaim for their employment-related training programs.

But by the early 1980s numerous CDCs—including Cabrillo and Impact 7—had become discouraged by the sluggishness of the employment and training bureaucracy. In some cases, disputes with administrative agencies and especially with the new private industry councils (PICs) resulted in costly and lengthy litigation. As a result, fewer and fewer CDCs found it prudent or practical to continue expending funds and staff resources on extensive employment and training services. By the 1990s, most CDCs had little or no experience in this area.

Many CDCs believed that even when they tried to undertake employment training, they would not be welcome by established providers of training services and intermediaries, from local community colleges and PICs to the U.S. Department of Labor. Worst of all, some thought the business communities in many cities were unlikely to pay much attention to local CDCs when looking for agencies that might steer companies to job-ready future employees.

In the spring of 1991, the Ford Foundation commissioned two groups to investigate the extent and significance of employment training activity within the community economic development movement. The team comprised faculty and students at the H. John Heinz III School of Public Policy and Management at Carnegie Mellon University in Pittsburgh, and the Boston-based Economic Development Assistance Consortium, a private consulting firm specializing in CDC and CBO technical assistance.

The project participants would study the employment training experiences of CDCs in 10 sites across the country. Then, they would weave descriptions of CDC training activities into analyses of how job creation was changing in regional economies in the wake of economic globalization and the continuing deindustrialization of most U.S. cities.

Field work was completed between October 1991 and June 1992. We visited 10 sites, representing each of the nation's major regions. In each place, one host organization provided a base of operations (Figure 1). Each visit began with a half-day roundtable with representatives from many local CDCs and CBOs. The roundtable was usually sponsored by the host organization.

Multiracial teams, each composed of two or three senior consultants and one or two graduate students, spent approximately one week at each site. In each place, they probed for the extent to which CDCs, their ventures, and their subsidiaries were, or used to be, engaged in employment training projects. The teams looked at employment training in at least three ways: in relation to CDC enterprise-development activities within the community; in connection with the CDCs' housing and real estate operations; and by acting as agents for community residents, helping them obtain training and placement in private- or public-sector jobs in and beyond the neighborhood or area.

The teams interviewed statewide and citywide associations of CDCs and other community-based service providers. They made every attempt to meet with officials of city government, especially its employment, economic development, and community college agencies, and with local private industry councils. They also followed up on public-private partnerships that typically involved banks working with CDCs as a result of initiatives inspired by the Community Reinvestment Act (CRA).

These open-ended interviews were exploratory in nature. By agreement with the Ford Foundation, this was not a formal survey or data-gathering exercise, and certainly not an evaluation of the CDCs. Questions were aimed at learning about CDC staffs' prior experience with employment training, getting a sense of opportunities and constraints, and com-

ing up with examples of recent projects. Teams learned about CDC linkages to city, state, and federal government agencies, to the private sector, to labor unions—especially the building trades—and to community colleges.

Interviewers probed for a sense of CDC staff capability in employment training: How was it created and sustained? What sources of funding supported existing employment training activities? What kinds of jobs did the CDCs have access to for constituents? Where were these jobs located? What kinds of transportation, child care, substance-abuse prevention, postplacement counseling, or other related concerns were being addressed?

This report presents the team's general findings and analyses, supported by more detailed case studies describing the specific community-based programs with which they interacted during their field work. To everyone's surprise (and delight), community development groups around the country were discovered to be both tenacious and creative in designing programs, in forcing gatekeepers to pay attention, and—most of all—in building bridges, to one another and to powerful mainstream institutions. This report, therefore, constitutes something of a manual on best practice, which other CDCs, CBOs, and their supporters ought to find useful in their own operations.

Figure 1: The Host Organizations for Our 10 Site Visits Between October 1991 and June 1992

	City	Host Organization
Northeast	Boston	Massachusetts Association of Community Development Corporations
	Newark	New Community Corporation
Midwest	Chicago	Chicago Association of Neighborhood Development Organizations
	Cleveland	Westside Industrial Retention & Expansion Network (WIRE NET)
	Pittsburgh	Homewood-Brushton Revitalization & Development Corporation and the Pittsburgh Partnership for Neighborhood Development
South	Greenville, Miss.	Mississippi Action for Community Development
	San Antonio	The Mexican American Unity Council
West	Denver	Northeast Denver Housing
	Phoenix	Chicanos Por La Causa
	San Jose	Center for Employment Training

Chapter 1

Employment Training and the Changing Labor Force

Researchers agree that government-funded job-training programs increase postplacement earnings of participants at least marginally—and for some programs, and some trainees (especially adult women), substantially—compared with what those participants might have expected to earn without such training.¹ For the constituencies of community development corporations (CDCs), measures that will help stop the trend toward lower earnings are of vital importance. Job training is widely seen as one remedy.

Both urban and rural “working poverty” rose substantially in the 1980s, after falling between 1969 and 1979. (Working poverty occurs when personal and family incomes fall below the poverty line, even though one or more household members work for wages—often full-time and year-round.)

This “U-turn” was true for whites as well as persons of color, although the incidence of poverty continues to be far greater for the latter.² In 1979 one in three African-American workers earned less in individual wages than the equivalent of a poverty income—about \$12,000 a year in 1987 dollars. By 1987 four in ten earned less.³

Scholars don’t always agree on the precise extent of growth in low-wage employment in the United States since the late 1970s. But they are virtually unanimous in believing that improved access to a quality general education, and vocational and on-the-job training and apprenticeships, will be necessary to improve the earning potential of all workers, especially those living in poor communities.⁴

Developments in the economy and society are urgently pushing employment training back onto the national policy agenda. That renewed interest may provide a window of opportunity for CDCs and other institutions concerned with poor and disadvantaged populations.

Recent studies have sounded the alarm that labor force growth is slowing sharply, raising the specter of chronic skill shortages. Employers are paying closer attention than ever to meeting those shortages from the pool of high school graduates—three out of four—who will not go on to college.

Although the U.S. labor force grew during the 1970s at an average annual rate of nearly 3 percent, the projected rate of growth for the 1990s is barely 1 percent. Moreover, some three in ten new entrants to the work force over the next decade will be persons of color, twice their current share of the labor pool, and nearly two-thirds will be women.⁵

Even employers who could once afford to indulge a disinclination to hire minorities are now increasingly interested in matching potentially qualified workers of color—including those who live in communities served by CDCs—with training designed to get them up to speed. Even in a period when companies and government agencies are deunionizing and downsizing, new hires are still being made—and they must be better trained than ever before.⁶

This rebirth of employer interest in training is reinforced by the ongoing national debate about U.S. competitiveness in an increasingly interdependent global economy. Productivity growth has been stagnant in all but a handful of domestic industries, such as aircraft and computers, at least in part because so many companies have neglected to reinvest in their domestic facilities, and partly because public-sector investments in vital infrastructure—physical and social—have been neglected for more than a decade.⁷

Difficulties in penetrating overseas markets from their domestic operations contributed to the relatively high excess capacity of many U.S. companies throughout the 1980s, reinforcing the productivity problem. Overall productivity during the most recent complete business cycle (1979-89) grew by only a dismal 1.1 percent per year.⁸

In this context, it's not surprising that average real wages have been falling since the early 1970s. The Commission on the Skills of the American Workforce has shown that per capita national product, another measure of social well-being, has been declining since 1973 as well. Any growth the economy did enjoy was entirely the result of labor force expansion propelled by the baby boom.

Now, with the dramatic slowdown in the growth of the working-age population, sheer numbers will no longer be available. As a result, decision makers have a revived interest in training as a means to raise the productivity of individual employees.⁹ This interest justifies experiments that might otherwise be more difficult to mount or sustain, including new initiatives by CDCs.

Just as companies, workers, and communities are experiencing major changes in the size, growth, and composition of the work force, profound changes are occurring in the kinds of jobs being created. Foreign companies are growing more numerous in the United States, and U.S. business is under increasing pressure to export more and pay much more attention to quality. Those trends, combined with penetrating technological changes in everything from how cars are manufactured to how insurance policies are written and hospital services delivered, are all radically altering the composition of the domestic economy.¹⁰ New sectors are growing while others that were once thriving have become stagnant in terms of job creation.

The profundity of those sectoral shifts creates opportunities for all job developers, including community development corporations and other community-based organizations. They must pay close attention to the kinds and locations of jobs being generated in their city or region and whether the jobs are part of locally dynamic sectors, such as medical technology in Boston, Pittsburgh, and Cleveland, or whether they are found in the area's

low-wage service sector. It is a sobering fact that during the 1980s, the greatest number of job vacancies in those three cities was for building custodians. Some work is surely better than no work, but it is difficult to escape poverty if a family has to depend entirely on such a job.

A WINDOW OF OPPORTUNITY

Finally, a window of opportunity may be opening for CDCs. A growing number of decision makers, especially in the private and foundation sectors, are concerned about the neglect over the past decade of the education and training of the next generation of workers. In the 1980s all levels of U.S. government combined spent only one-quarter of 1 percent of gross domestic product (GDP) on direct job creation, job training, and placement activities. The Canadians spent twice that proportion, while the Swedes spent 1.8 percent of GDP on helping people get ready for, or back to, work.¹¹

The situation is especially serious for those who drop out of school—the more than one-quarter of all high school students who leave and are never “recovered,” to use Ray Marshall’s and Marc Tucker’s term. Consider how the Swedes handle the problem:

In stark contrast to the United States, Sweden...has a national dropout recovery program. In 1980, the Swedish Parliament enacted legislation holding every municipality responsible for locating disadvantaged and disaffected out-of-school youth between the ages of 16 and 18, recruiting them into a job-training program, and securing work opportunities for them. The result is the country’s system of Youth Centers, which has been highly successful in putting the vast majority of dropouts back on track toward productive careers.¹²

Recognizing that the U.S. situation could not continue indefinitely, a number of state-level and private, not-for-profit experiments have been launched in recent years. Among these are the National Youth Apprenticeship Initiative mounted by Jobs for the Future, the YouthBuild U.S.A. project to train young people to renovate abandoned housing, and the Joint Labor-Management Committees created in a number of states with the endorsement of the U.S. Department of Labor. These programs open up opportunities for CDC staff engaged in, or seeking to become involved in, employment training activities.

Under pressure from state and local governments and from the private sector to take action, the federal government has cautiously begun to create new programs. In 1990 Congress passed the Carl D. Perkins Vocational and Applied Technology Education Act, a modification of the earlier law under which most vocational education programs are partially funded. The central idea of the recent act is to reunify academic and vocational objectives, and to force high schools and junior colleges to become more accountable to community organizations that have ideas about what kind of training, for what sorts of jobs, is needed in their areas.

The U.S. Department of Housing and Urban Development (HUD) recently created a new position for a deputy assistant secretary for economic development. Both Congress and the Clinton Administration appear committed to expanding the use of HUD funds for entrepreneurial endeavors that may complement housing initiatives for low- and moderate-income people, providing support for related job-training activities in the process. HUD issued a new round of requests for proposals to facilitate national technical assistance and capacity-building resources for projects that enhance job creation. Most of these activities now include a skills-training component as well.

In the late summer and fall of 1992, Congress amended the Job Training Partnership Act, expanding some titles while de-emphasizing others. Generally, the amendments opened opportunities to enterprising CDCs and CBOs, albeit within budgetary constraints imposed by the high federal deficit. In the summer of 1993, President Clinton introduced the School-to-Work Opportunities Act, to be administered jointly by the U.S. departments of Labor and Education. This legislation continues to be under the Congressional management of Senator Edward M. Kennedy (D-Mass.) and Representative William Ford (D-Mich.), both longstanding supporters of community-based approaches to urban and rural economic development.

The various welfare reform proposals now being debated by Congress include provisions for job training and, in some instances, public service employment. The most ambitious proposed overhaul of the system is the Clinton Administration's Re-employment Act of 1994, submitted to Congress last spring by Labor Secretary Robert B. Reich. Clearly, the window is opening again, although it is still too soon to tell how successful these initiatives will be in making their way into law.

Chapter 2

Networks: the Name of the New Game

For community-based groups, the key to gaining access to quality employment training services is not to undertake employment training directly, but to find a way into existing or evolving networks whose members share information, resources, and access. This is the best means for community development corporations and other community-based organizations to take advantage of the new employment training opportunities.

Through networking, business organizations are learning to cope with the great changes now sweeping over the increasingly interdependent and competitive global economy. A growing number of companies, both large and small, are organizing themselves into networks of firms and other institutions, designed for integration across geographic, sectoral, and cultural boundaries. Their objectives are to enter new markets; to obtain scarce capital and, even more important, knowledge; to share particular skills that no one member can provide for itself; and to use contacts with one another to gain access to influential public- and private-sector partners with whom others in the network are already well connected.

Unfortunately, discussions about networking, and about the policy implications of interorganizational networks for improving the performance of member businesses, have almost entirely ignored the experience of CDCs and CBOs. Yet in the course of this study, it became evident that many of the same principles underlying the formation of strategic alliances between multinational companies—alliances that are used for sharing capital and engaging in joint production—are applicable to neighborhood-based organizations in big U.S. cities and rural counties. In fact, many CDCs and CBOs are already creating such inter-organizational networks, as has been done by Toshiba and Fujitsu in Japan, General Electric and Microsoft in the United States, Siemens in Germany, and Philips in the Netherlands.

THE EVOLUTION OF BUSINESS NETWORKS

During the initial period of industrialization in Europe and, subsequently, in the United States, production was based primarily in small, family-owned factories that turned out commodities sold mostly in local or regional markets. From the late 19th century until roughly the end of the Vietnam War, large, bureaucratic, multidivisional, often multinational corporations came to dominate production.

But since the 1970s a new and rapidly spreading form of business enterprise has come onto the scene. Business is increasingly taking the form of large, "lean-and-mean" firms,

connected by contract and by handshake to networks of other large and small organizations, including businesses, governments, academic institutions, hospitals, and other entities.¹

These networks take different forms, but all display some common characteristics. The hardest, most innovative networks typically have large corporations at their centers, or "nodes," although the special cases include industrial districts led by small firms, as those in north central Italy and elsewhere in Europe. High-tech regions like California's Silicon Valley serve as the geographic centers of intersecting networks led by big corporations, universities, and the U.S. Department of Defense.

Individual sites of production, distribution, and business services are appearing all over the world. The businesses in these centers, however, are becoming more closely connected to one another. Supply-and-demand models can't explain why certain insurance companies and banks continue to sponsor certain manufacturers, year after year, despite the availability of more immediately profitable alternative customers and clients. High-technology start-up firms go to great lengths not only to compete with foreign companies, but to attract investments from those same competitors. They do so to gain access to the latter's markets, or because of a shortage of finance capital at home.

Some large firms in the aerospace, automobile, and electronics industries deliberately award long-term contracts to an upper tier of preferred suppliers to build trust and promote collaboration, even though, from the perspective of textbook economics, this constitutes an irrational delegation of market power by the big firms. These relationships should be seen as aspects of far-flung, decentralized networks, governed to a significant degree by large organizations with concentrated economic, financial, and political power.

HOW NETWORKING PRINCIPLES APPLY TO COMMUNITY DEVELOPMENT CORPORATIONS

Some of the principles and practices of networking across organizations are relevant to efforts by CDCs and other CBOs to obtain skills training and job placements for residents of their communities.

The range and variety of CDC and CBO employment and training-related activities in the 10 sites focused on here were remarkably diverse.² No one organization engaged in every one of these activities, nor should they, given the many existing specialized agencies and organizations devoted to employment training whose services are to some extent available to CDCs. As one CDC director said: "You don't have to duplicate everything, and anyway, it's too expensive." Therefore, the activities shown in Figure 2 constitute an ideal: a convenient way of describing what a complete system of employment training services in one area might look like.

CDCs and CBOs must of necessity face in several directions. They must take their cues from residents of the neighborhoods in which they are based. CDCs and other CBOs sometimes help prepare these constituents to take jobs, both inside and outside the neigh-

Figure 2: An Ideal Model of a Complete set of CDC/CBO Employment Training Activities and Linkages



neighborhood. Support for constituents is also common, from child care and transportation to substance-abuse prevention, to enable them to participate in job training. The most experienced and influential CDCs and CBOs sometimes act as job developers, persuading big employers located outside the neighborhood to open training slots or jobs for residents.

But the most effective community groups are also continually looking outward to develop better linkages to mainstream institutions that can be helpful. Sometimes these connections have been forged over many years, in the course of the community organizations' housing or commercial development work, which brings them in contact with banks, building contractors, major employers, and city officials.

The most effective CDCs and other CBOs build on these existing relationships and use them to make connections to the world of employment training. This world comprises city employment training agencies, private industry councils (PICs), vocational high schools and

community colleges, and proprietary (for-profit) vendors of job-training services. Citywide community development umbrella organizations can also be important in assisting individual CDCs and CBOs in forging links to the employment training system.

Almost without exception, the CDCs and CBOs most successful in employment training are those that are deeply engaged in becoming better connected to regionwide suppliers of training services, and to employers with job openings located outside the CDCs' immediate neighborhoods. The following case studies provide good examples of successful employment training through networking.

CASE STUDY: *The Career Center at New York City's World Trade Center*

One regional employee referral project that is well attuned to the needs of local CDCs is the Career Center, created by the Port Authority of New York and New Jersey. Because it is ultimately driven by employer requirements for new workers, there are real training opportunities and real jobs connected to this network.



The Career Center at the World Trade Center works with community organizations in New York and New Jersey to connect job seekers with jobs. It also provides such services as on-site computer training.

In 1993 the Port Authority of New York and New Jersey established a comprehensive program to link job seekers and training with private-sector employers. More than 350 international firms employ 40,000 persons in the offices of Manhattan's World Trade Center, which is owned and operated by the Port Authority. Realizing that its tenants in the Twin Towers represent a job market comparable to a small city, the Port Authority's Office of Business and Job Opportunity created the Career Center to provide access to employment for people in low-income neighborhoods of New York and Newark.

The Career Center links job openings with tenants of the World Trade Center to a network of employment and

training vendors located in the region, including such community groups as the New Community Corporation in Newark. The Port Authority focuses on "targeted labor pools" consisting of community college students, unemployed and underemployed residents, dislocated workers, economically disadvantaged groups, and residents of low-income communities.

The Port Authority has retained the Los Angeles-based not-for-profit Labor Employment and Training Company (LETC) to operate and finance the Career Center, and to manage its core services. These include placement services for World Trade Center employers, skills-upgrade training for employees of World Trade Center companies, customized training to qualify job seekers for entry-level jobs at those companies, and human resource programs. LETC also operates a computer-training facility in the Twin Towers.

The Career Center works with CBOs involved in training throughout the region. It will also bring in community colleges, high schools, private industry councils, and for-profit training entities as partners. The Port Authority provides access not only to tenant companies but to its other regional economic development initiatives as well.

Initially, the Career Center targeted the employment and training needs of small and medium-sized tenants in the international trade, finance, and business services sectors. In practice, however, it is the larger firms in the area that have most actively sought the services of the center. The Port Authority is now developing similar approaches to employment and training to serve the hundreds of companies located in the seaports and airports throughout the New York-New Jersey region.

CASE STUDY: Pittsburgh's Job Links

The Job Links program is another CDC—business alliance that holds promise for connecting community residents seeking training and jobs with downtown employers. The program has been in place for several years in Pittsburgh.



This young woman got her job in a Pittsburgh hospital through Job Links, which provides training, placement, and follow-up for local residents. The program is run by two community development corporations.

The Pittsburgh Foundation supports Job Links, a venture that provides employment services to neighborhood residents. Designed originally by the Oakland Planning and Development Corporation (OPDC), a well-established CDC in the city, and funded initially by the Medical Care Division of the University of Pittsburgh and the U.S. Department of Housing and

Urban Development (HUD), Job Links has been operated since 1989 by OPDC and Breachmenders, another local CBO.

Job Links provides services in job readiness, attitudinal training, and job placement and retention. One-on-one counseling and postplacement tracking are other important program features. Applicants undergo three weeks of job-readiness training, which includes employer discussions of attributes they seek in their employees. Mock interviews and role playing allow trainees to learn the kinds of questions that may be posed by prospective employers.

The CDCs that operate Job Links first try to confirm that job openings really exist and make sense for program participants. As a result, Job Links trainees have had great success in finding jobs. They praise the program for the thoroughness of drilling by staff and the extent of participation by local employers. Prior to graduating from the program, trainees submit resumes and job applications to a number of employers and are encouraged to schedule at least three interviews. Program staffers continue to work with individual enrollees who have not secured a job during the training cycle.

Like many of the more successful employment training programs around the country, Job Links emphasizes postplacement follow-up with graduates and with employers. Often, these regular interventions allow staff to resolve problems that might otherwise jeopardize the person's employment status.

CASE STUDY: *The Pittsburgh Partnership for Neighborhood Development*

The Pittsburgh Partnership for Neighborhood Development is one of the most admired networks of neighborhood-oriented CDCs and commercial banks in the country. Principally engaged in housing and small-business development, the member CDCs and financial institutions are becoming increasingly interested in manufacturing modernization and job training as well. The experience of successful cooperation in matters of economic development bodes well for future initiatives in employment training.



The Pittsburgh Partnership links neighborhood CDCs and commercial banks to organize economic development projects like Riverside Commons, above, which will feature a business incubator and light industry.

The need to build local nonprofits' capacity to increase economic development was a major impetus behind the creation of the Pittsburgh Partnership. Under the leadership of the partnership's founding chairman, Edward V. Randall, now president and chief executive officer of PNC Bank, N.A., and other community leaders, the partnership garnered sup-

port and funding from major banks in the Pittsburgh area—especially PNC, Mellon, and Integra.

The partnership has provided unprecedented capacity-building support and capital for economic development projects undertaken by CDCs. In addition, it provides "soft" money for planning and venture feasibility analyses. Support from the city's biggest banks and from local and nonlocal foundations has allowed the CDCs to bring in business specialists and top management. Through consultation, they have helped develop and manage projects that otherwise might have floundered during the difficult start-up phase.

One notable initiative supported by the partnership is the Riverside Commons Innovation Center, which was developed by the North Side Civic Development Council. The center serves as a business incubator for companies owned by women

and minorities. In addition to providing office space, shared secretarial, reception, and conference services, the center offers technical assistance in such matters as financial management, marketing, and job training and referral.

Through the partnership and other public and private entities, grants and loans were provided to cover costs of feasibility analyses, redevelopment, land acquisition, and project planning at the neighborhood site. The partnership's funding was part of a package of investments from the city of Pittsburgh, the state of Pennsylvania, local banks, and other sources.

The partnership is now building on its successes by participating in a local manufacturing and community development initiative that is designed to provide stronger links among local manufacturing firms, regional providers of technical assistance, and the communities in which the firms are located.

CASE STUDY: WIRE NET: A Network Organization in Cleveland

Another entity linking CDCs to regionwide employers is the Westside Industrial Retention and Expansion Network (WIRE NET), operating in Cleveland. This group is mainly engaged in employment training activities. However, unlike other arrangements of this sort, the WIRE NET group has chosen to bypass the Job Training Partnership Act (JTPA) altogether and to fund its own activities.



Formed by three CDCs in 1986, WIRE NET refers neighborhood residents to jobs in small companies like this vacuum cleaner manufacturing plant, which typically have fewer than 100 employees.

Formed by three CDCs in 1986, Cleveland's WIRE NET refers local residents to employment opportunities with small companies while promoting the growth and retention of industrial firms. Most of these firms have fewer than 100 employees and typically work in such fields as automotive, plastics, injection molding, and rubber product production.

WIRE NET locates available workers and provides employment-related orientation, prescreening, and referrals to job openings at affiliated companies. Applicants are also tracked for a one-year period. The program targets low-income individuals lacking specific job or literacy skills. They are often assisted in overcoming other deficits, such as poor

job-retention records and inadequate work habits. Applicants are also helped in obtaining child care, medical benefits, uniforms, and tools, at no cost to employers.

The program is well served by a board of directors composed of CDC delegates and representatives of participating local firms. Rather than relying on JTPA funding, the board members generate financial resources from local foundations, corporations, and demonstration grants. WIRE NET leaders have chosen this funding

approach because of their concerns that JTPA funding and priorities too often prove inconsistent, create cash-flow crises when the government fails to process disbursements in a timely fashion, require extensive reporting, and impose requirements that are thought to be excessively burdensome.

Cleveland is one of the few big U.S. cities where leading companies have had some success in rebuilding the manufacturing base, especially in metalworking. WIRE NET is well connected to that base.

CASE STUDY: San Jose's Center for Employment Training

Of all the CDC-related networking activities in the United States, none is more comprehensive nor has amassed so impressive a track record as the mostly Mexican-American Center for Employment Training (CET), a community-based organization where employment training is a central activity. This organization, which evolved out of the Philadelphia-based Opportunities Industrialization Center system of the 1960s, now teaches other groups how to develop and manage all facets of job training. Its clients are situated throughout the western states—and one is now on the East Coast, in Newark, New Jersey.



In the commercial food training course run by the Center for Employment Training in San Jose, students learn the skills necessary to obtain work in high-quality restaurants and hotels.

Based at the southeastern corner of California's Silicon Valley, in the city of San Jose, the Center for Employment Training began operations in 1967. CET designed its programs for Mexican and Mexican-American farm workers whose jobs were threatened because of the expansion of high-tech electronics manufacturing companies into what had been farm country. Many of these high-tech firms were seeking low-

wage, unskilled, and semiskilled labor to work in microchip assembly and other operations.

Aided by the local Catholic Church, CET focused its training on individuals who lacked formal education and sufficient skills in language, reading, mathematics, and job-presentation techniques. Now CET provides a wide array of training services for employers across California and throughout the West. There are no formal prerequisites for entry into a CET-managed course other than a keen interest in learning a trade.

The program features open entry and exit and permits no "creaming" (that is, providing services only to those most likely to succeed). CET is famous for going after the truly hard-to-employ. Consistent with its early history, CET treats trainees as workers, with a classroom atmosphere that requires a demonstration of a good work ethic and a commitment to performing a task as well as possible, with dignity. Trainees initially work on English-language remediation and related skills, after

which courses in English and mathematics, of various lengths, are available.

Instructor-counselors, who come mostly from the private sector, must demonstrate human relations skills. Specialized human resource counselors also help trainees cope with personal concerns.

The program tries to stay in contact with the employers to which it sends trainees. Cooperating corporations provide personnel to assist with mock interviews. Specialists in equipment used in the classrooms are routinely provided by manufacturers without charge. CET meets with its employers' customers to find out the kinds of equipment trainees must learn to use. Trainees are allowed to proceed at their own pace toward completing training geared to employer needs. After placement, teams of instructors and counselors follow up to determine social service and other post-placement needs. Finally, graduates may return to CET at any time for additional placement services.

CET has a board of directors; an executive director; a deputy director of operations; directors of staff development, finance, planning, and special projects; and one director for each region serviced. The board—which consists of individuals from the community, church representatives, alumni of the program, and corporate representatives—works with the executive director to develop objectives and goals.

CET has two subsidiaries: DURA Enterprises, which operates like a CDC, and a holding company. DURA, in turn, has six other operations: the Computer Services Division, DURA Temps, the Food Stamp Center, DURA Training, DURA Equipment Company, and a local *mercado* (market). The Computer Services Division provides assistance in training for DOS and UNIX operating systems and system installation. DURA Temps specializes in providing temporary clerical staff on short notice. The Food Stamp Center, an authorized food stamp distribution site, provides check-cashing and money-gram services. DURA Equipment Company leases equipment for construction. The *mercado* is a farmers market where people can buy food and clothing and also be entertained. All merchants must be licensed by DURA to conduct business at the *mercado*.

The holding company legally owns all CET property. It also provides property management services and leases commercial space to businesses. Its clients include private companies, research and development firms, and retail stores. Very little property developed by the subsidiary is targeted for housing.

CET has received substantial support from the Rockefeller Foundation. Detailed, rigorous evaluations measure CET's process and performance against comparable CBOs. On almost every measure, CET scores at or near the top. The open, flexible schedules it provides trainees, the trust it has earned from such major employers as Hewlett-Packard, and its commitment to follow-up after placement make it an outstanding model for other groups.¹

Chapter 3

Opportunities

Community development corporations around the country are seizing a variety of opportunities. A CDC may not have initially intended to get into employment training, but something unexpected may have happened to make it decide to try its hand. Or perhaps the CDC had been intending to participate in the local employment training system, and was waiting for the right moment to jump in.

BUILDING ON EXISTING ACTIVITIES

A recent report from the New School for Social Research, *Rebuilding Communities*, notes that CDCs commonly piggyback on one activity to get started on another. For example, when business or housing development enabled a CDC to establish a solid reputation with City Hall or with the local private sector, its forays into employment training were taken more seriously.

Pittsburgh CDCs provide an especially good example. Bolstered by numerous programmatic and policy successes, they have been aggressive in approaching potential employers on behalf of their constituents. For instance, in conducting "future employment" tours of hospital facilities, several CDCs urged hospital personnel staff to expose trainees to all departments and to de-emphasize opportunities in the dietary and maintenance departments.

In addition, these CDCs aren't shy in criticizing city employment agencies for posting job openings and training announcements in public libraries rather than at neighborhood facilities, where community residents are more likely to see them.

The Pittsburgh CDCs have also been motivated to become more active on employment issues due to the extensive movement of businesses to suburban sites, particularly along the corridor to the airport. Advocating better public transportation is also seen as a necessity for neighborhood organizations, which constantly struggle to ensure that trainees and other residents have access to employment centers. Sometimes the issue is as simple as redirecting a bus route that turned a half-mile away from a densely populated housing project.

One particularly good example of a Pittsburgh CDC that has built on its existing activities to get into employment training is the Homewood-Brushton Revitalization and Development Corporation (HBRDC), whose initial focus was on CRA-related commercial and affordable housing development in its community, located on the far eastern end of the city. The New Community Corporation, in Newark, New Jersey, is another good example of a CDC that has acted on a good opportunity.

CASE STUDY: Pittsburgh's Homewood-Brushton Revitalization and Development Corporation

The Homewood-Brushton Revitalization and Development Corporation (HBRDC) is an excellent example of a CDC that first achieved success and credibility in traditional development—housing and commercial real estate. Using its positive reputation and fund-raising experience, the CDC subsequently expanded to provide employment training and referral services to local residents. Relations with the local job-training bureaucracy not only resulted in funding approval, but also subsequently led the Private Industry Council (PIC) to offer a board seat to HBRDC's former executive director, Mulugetta Birru, who currently serves as executive director of the Pittsburgh Urban Redevelopment Authority.



Homewood-Brushton runs programs ranging from affordable housing to commercial ventures like this mini-mall to job training and referrals.

HBRDC began operations in 1983. It runs diverse programs, including affordable housing, retail development, office-space rentals, and a small-business incubator. It also runs a radio station and is developing an entertainment and cultural center.

The city administrator of the Job Training Partnership Act (JTPA) approached HBRDC's leadership and assured continued funding if the CDC would operate an employment center in the Homewood-Brushton area. The CDC said yes, despite anticipated additional administrative and personnel expenses incurred by this expansion into a nontraditional CDC activity.

As a result of the CDC's support from the city, the nearby campus of the Community College of Allegheny County (CCAC) provided office space and related support for the employment and training initiative. This relationship has led many people served by HBRDC to view the community college as an accessible asset in the neighborhood.

HBRDC's entry into employment training was aided by its relationship with the CCAC. The CDC's active role in CRA negotiations with Pittsburgh banks also led to the participation of financial institutions, which assisted in mock interviews with

trainees and helped line up entry-level and higher bank positions. Like many of its counterparts in other Pittsburgh neighborhoods, HBRDC also had good communications with local hospitals, which frequently had job openings. HBRDC has fostered referrals with Allegheny General Hospital and other medical facilities, and has developed a working relationship with the YouthBuild Program in Pittsburgh.

The HBRDC board of directors' determination to foster closer contacts with local residents was an important reason for the CDC's development of staff capability to engage in employment services. Thanks to its community newspaper and radio station, HBRDC has been quite successful in developing a sense in its neighborhood that it is truly representative of residents' concerns and desires. To ensure that its programs would affect the day-to-day lives of persons other than tenants of its residential or retail projects, the CDC leadership began to address human service needs directly.

In evaluating a CDC employment and training strategy for greater Pittsburgh, HBRDC's leaders agreed with the general sentiment expressed at a roundtable meeting of CDC directors from the area, namely that the following items are priorities for CDCs in employment training:

- screening of training applicants,
- readiness counseling,
- identification of job vacancies,
- negotiating with businesses and government agencies to create new job openings,
- resolving problems of access to transportation,
- postplacement services, and
- facilitating job creation through CDC small-business ventures and by assisting self-employment endeavors.

Information Outreach. HBRDC provides important information to community residents through a biweekly newspaper, *The Informer*. It also operates a radio station, WCXJ. *The Informer* and WCXJ feature in-depth analyses of community and city-wide issues. Among these issues are access to employment, new training initiatives, transportation access (including bus schedules), and other concerns raised by residents and leaders in the African-American community served by HBRDC.

The Informer's main readership is the African-American community in Pittsburgh's East End section. In addition to covering the traditional subjects of a weekly newspaper, it publishes job advertisements from the city's Department of Personnel, along with notices of programs operated by the Job Corps and other employment programs. Columns describing activities of minority businesses and new state initiatives are regular features.

WCXJ has a popular-music and public-information format, gives residents an opportunity to call in and express their views about important issues, and broadcasts a public issues program called *Black Talk*.

Media like these can be important resources in filling in information gaps for residents who have limited access to more traditional sources of information.

CASE STUDY: *New Community Corporation: Newark, New Jersey*

Headquartered in the Central Ward of Newark, the largely African-American New Community Corporation (NCC) also came late to employment training. NCC seized a number of opportunities that have greatly enhanced its capacities. Among its more important links are those with the Career Center of the Port Authority of New York and New Jersey, and with the Center for Employment Training (CET), based in San Jose.

NCC began its work in the late 1960s, in the wake of Newark's civil disorders. It focused on housing and commercial development, building a statewide and, eventually, a national reputation for superb management and creative planning. Only recently has it tried to build on those credentials by moving into skills training oriented to outside employers.

For many years, NCC trained local residents for jobs in its own housing and commercial projects. Moreover, for some time it has operated an employee referral center in one of its buildings; the center makes use of several regional job-vacancy directories in the New York-New Jersey area. The move into providing skills training builds on NCC's previous strengths.



Training in carpentry and other skills in steady demand is provided by the New Community Corporation in Newark's largely African-American Central Ward. Job referrals are made through NCC's many business and industry contacts.

Since its establishment in the late 1960s, New Community Corporation has become one of the largest and most highly regarded community organizations in the United States. Its leaders, particularly founder and director Msgr. William Linder, serve on local, state, and national advisory boards engaged in economic develop-

ment and human services. Such networking exposes NCC to additional funding opportunities, replicable models, and the private sector, where community residents might eventually seek employment.

Because NCC engages in extensive business ventures as well as housing, it has a large work force, typically drawn from community residents. Although some eventually go on to similar jobs in the private sector, others move up the career ladder within NCC projects. A smaller number of local residents take the step of forming service businesses, where they use the skills obtained through previous opportunities with NCC.

Large CDCs like NCC achieve credibility with the private sector as a result of their track record in implementing housing and commercial real estate projects. These successes generate respect for the CDC's staff, who are more favorably received than staff from smaller CDCs when they contact such private-sector entities as banks, hospitals, utilities, and other companies. NCC's reputation for referring qualified trainees to private business has gained such respect that governmental training organizations at times send their own trainees to NCC for help in finding jobs in the private sector.

Diversity of Jobs Created Internally. In addition to its extensive housing development, NCC engages in businesses ranging from nursing homes and health care to restaurants and supermarkets. These ventures parallel growth sectors in Newark's service industries and offer the possibility of job expansion. In contrast, manufacturing employment in the region has been in severe decline in recent years.

Because it has developed so many jobs internally, NCC understands well the problems that employers sometimes face with entry-level trainees. NCC has also become aware of the postplacement needs of trainees when they enter the world of work after an extended period of unemployment.

Because of its regular contacts with suppliers, distributors, and industry leaders where its ventures operate, NCC's senior personnel develop relationships with leaders in the health field, the food industry, and construction trades. This familiarity enables it to query such businesses about future job openings and the skills they require.

These contacts paid off when NCC received a grant from the federal Office of Community Services (OCS) of the U.S. Department of Health and Human Services in a joint venture with one of New Jersey's largest private firms, to create a CDC-owned minority construction company. For years, NCC had done construction work on its own projects and so was ready to branch out.

Access to Information Networks. In addition to working with various companies, NCC makes use of state data banks to facilitate its training activities. For example, NCC training specialists can tap into a computerized data base called ALEX (Automated Labor Exchange System), operated by the New Jersey Department of Labor. ALEX provides rapid information about civil service jobs and training opportunities throughout the state.

NCC also has access to the state's new "early warning" system, which identifies personnel needs of major employers; to regional coordinating programs to stimulate cooperation among social service and training agencies that prepare people for work; and to a consortium of state agencies that connects employers to training programs to meet their needs for entry- and higher-level workers.

Peer Networking. In 1992 NCC decided that the innovative training approaches implemented by CET in San Jose should be brought to Newark. NCC and CET have since established a joint venture in which NCC is replicating many successful techniques used by CET to train workers on the West Coast.

In that year, NCC was awarded a grant from OCS to create an employment and training program in the heart of Newark. The city's Victoria Foundation also provided grants to buy and rehabilitate part of an 11,000-square-foot building to house a CET branch. It will benefit from the cooperation of employers in greater Newark with job placements, mentoring, and practice interviews. In December 1992, NCC received a five-year grant from HUD for its vocational education programs for residents of transitional housing—yet another aspect of NCC's strong commitment to job training. The model is expected to be followed closely as an example of how a CDC can embark upon comprehensive training with strong public and private funding and a successful program to emulate.

Through its cooperation with other mature CDCs, NCC has also been influential in encouraging foundations and federal agencies to increase their support for the training and economic development activities of CDCs across the country.

In addition, NCC works closely with government agencies in the city of Newark, in Essex County, and in the state of New Jersey. It has also become an important source of referrals of trainees to the Port Authority's Career Center in lower Manhattan.

Interaction with Community Colleges and Other Training Programs. NCC has long understood the importance of working with local educational institutions willing to devote resources to residents of Newark's Central Ward. One such institution is the community college, located within a half-mile of NCC's headquarters.

NCC has also built working relationships with other regional academic institutions, which provide in-kind services, scholarships, and tuition credits for work on NCC projects. NCC often uses such in-kind contributions to meet matching requirements on grants from federal agencies.

FINDING NEW OWNERS FOR OLDER BUSINESSES

Job opportunities often come from unexpected places. The wave of factory closings in the late 1970s and into the 1980s, which created a crisis for workers in many U.S. cities, especially in the Midwest, would hardly seem an "opportunity." Yet, even as prospects for urban-based manufacturing dimmed, and as sources of capital dried up, some aging owners of viable family businesses in light manufacturing faced the problem of having no heir apparent for the company.

In the late 1980s, community-based organizations in white working-class neighborhoods of Cleveland, Pittsburgh, and Chicago began to identify such manufacturing companies. They interviewed the owners and offered to help them locate individuals and groups who might want to buy the business to keep some manufacturing work in the area.

In Cleveland, WIRE NET manages such a search process as part of its efforts to link CBOs to the still substantial small and medium-sized manufacturing companies in Cleveland's metropolitan area. In Pittsburgh's Monongahela Valley, the Steel Valley Authority's "successorship network" is sponsored by grants from the Commonwealth of Pennsylvania and from several religious organizations. In Chicago, the Midwest Center for Labor Research and the Federation for Industrial Retention and Renewal operate a similar network, which focuses on the city's West Side. Both Chicago organizations now routinely involve black and Latino CBOs and entrepreneurs in these networks.

CATCHING THE WAVE OF VOCATIONAL EDUCATION REFORM

Vocational education reform has presented another unexpected opportunity for CDCs to advance their employment training. In 1990 Congress passed, and the President signed, amendments to the Perkins Vocational Education Act. This law regulates the federal share of financing of the nation's vocational education programs in both high schools and community and technical colleges. The 1990 amendments called on the country's school districts to seek greater community participation in designing and managing programs as a condition for future funding. They also redistributed federal disbursements, giving priority to school districts with the most at-risk youth—although longstanding disparities in resources among school districts and schools within urban areas remain distressingly large.

Many CDCs around the country have jumped at the chance to shape local vocational education and community college programs to meet the employment training needs of neighborhood residents.

Vocational Education Reform and Community Development

In discussions of education, most scholarly and media attention tends to focus on the nation's colleges and universities. Indeed, many American parents worry that their children will be failures if they don't get into a "good" college. Statistics show that the United States spends more money on education, in both absolute and per capita terms, than any other

country in the world. The great majority of national expenditures, however, go to pay the costs of four-year colleges and universities, both public and private.

The most successful foreign competitors of the United States continue to invest most of their education dollars in public and technical schools, and in training options, from apprenticeships to cooperative programs with employers. Those options are designed to facilitate the transition of non-college-bound youth from school to work and the development of "portable" skills. The result is a population of more literate and more technically skilled young people, desirable to employers, who win status and respect from their societies.¹

The basis for a comparable system exists in the United States, and CDCs and other CBOs are beginning to tap into it. It is the nationwide system of vocational high schools and more than 1,300 community (sometimes called "city") colleges and technical institutes. Today, fully half of all first-year college students in the United States attend such colleges and institutes.²

The Growth of Community Colleges and Vocational Training. Before World War II, "voc ed" programs were found almost exclusively in the public high schools. In schools that offered both vocational education and liberal arts courses for college-bound students, virtual fire walls were erected between the two. Some schools within a district were—and still are—dedicated entirely to vocational preparation.

After the war, two-year community colleges proliferated. Between 1946 and the mid-1970s, these colleges devoted themselves almost entirely to providing apprenticeship training on demand for local companies. Faculty often consisted of current or former employees, especially supervisors and forepersons, from those businesses. Such arrangements were especially widespread in the southeastern states, which quickly learned how to combine tax incentives with community college, state-subsidized job training as a way of recruiting industrial plants from the North. Over the years, North and South Carolina's community college training programs, designed for both domestic and foreign employers, have set the pace for the rest of the country.³

A new tension, which still exists, emerged in the 1970s. Returning Vietnam veterans, displaced factory workers seeking new skills, and young people unable to afford tuition charges of four-year colleges entered community colleges in record numbers. Many members of this new population of students, and their parents, demanded a liberal arts education, seeing the community colleges as a steppingstone to a four-year college.⁴ A new generation of better-educated teachers and administrators often shared this view, and looked down upon the vocationally oriented students and faculty.

Thus, by 1980 the tension between vocational education and liberal arts, which had plagued the country's public school system throughout the 20th century, was reproduced in the community college system. Nevertheless, the demands on the community colleges to provide occupation-specific vocational training continued to grow throughout the 1980s.

The wave of factory closings that began during the 1975 recession and peaked during 1980-82 greatly increased citizens' needs for skills retraining.⁵

Community Colleges and Vocational Education Today. Employers now rely more than ever on community colleges to provide supplementary training for employees on paid educational leave. Sometimes this is done by joint arrangement, as in the case of the United Auto Workers and the Big Three U.S. auto makers, in concert with their unions. High schools, police community relations programs, and other city departments regularly refer people to local community colleges. As we have already seen in the cases of Pittsburgh's HBRDC and Newark's New Community Corporation, CDCs and CBOs are also entering into partnerships with two-year colleges to gain access to customized technical training for neighborhood residents.

Most expert observers of the evolution of the community college system in the 1980s concluded that there was still much room for improvement. The constant bickering between those directing vocational education activities and those wanting to see the community colleges as an entry portal to four-year "mainstream" colleges was interfering with progress in designing higher-quality programs. In choosing occupations for which students would be trained, the wishes of a city's or region's large and influential private companies continued to dominate, not always wisely.⁶

The subject matter in technical courses is often too narrowly defined, with students being trained "how to run a particular machine or operate a particular process [instead of emphasizing] skills that will be useful for a variety of jobs throughout an industry [such as] to develop literacy and computing courses related to situations workers face on the shop floor." Partly because of relatively low pay and status, community colleges do not easily attract faculty with up-to-date skills, even when administrators have purchased state-of-the-art manufacturing equipment.⁸

On their own, and through strategic planning by a number of enlightened state officials and public-private partnerships, some community colleges were already making progress before 1990 in overcoming these deficiencies. Networks of community colleges were being formed in several regions of the country to pool resources, information, and experiences. The Mid-America Training Group links community colleges in Cleveland, Chicago, Milwaukee, Detroit, St. Louis, and Des Moines. The Southern Growth Policies Board has brought together 13 community colleges, one from each member state, into a Consortium for Manufacturing Competitiveness.

Still, cities and states differ substantially in their ability to finance community colleges. Rivalries still exist between groups representing vocational education and liberal arts. And principals and administrators show a persistent tendency to pay greater, often uncritical attention to the wishes of influential local companies than to voices from the community.

The Carl D. Perkins Vocational Education Act. The federal government intervened in 1990 when Congress reauthorized the Carl D. Perkins Vocational Education Act. Named for its principal original sponsor, a Senator from Kentucky who first introduced the law governing vocational education in 1964, "Perkins" (as it is usually called) now provides roughly \$1 billion a year in federal aid to state and local vocational education programs nationwide. The law also influences the spending of perhaps 10 times that amount by regulating the activities of high schools, community colleges, and technical training institutes to set and maintain performance standards.⁹

The 1990 reauthorization, in the renamed Carl D. Perkins Vocational and Applied Technology Education Act, speaks directly to many earlier problems. The act insists that schools reach out to parents and community groups, who must be invited to participate in program design and monitoring.

Since the average U.S. worker can now expect to change occupations several times over the course of a lifetime, community college curricula must place greater emphasis on the development of generic skills, or "learning how to learn." As educational reformer Larry Rosenstock says, the "walls" between vocational and academic approaches must finally be pulled down.¹⁰

The new Perkins Act attempts this by mandating that students from high school on must now be educated in "all aspects of industry: planning, finance, management, labor relations, community development, principles of technology, health, safety, and environment—not just technical and production skill."¹¹ Educators, parents, students, and community activists now have a federal mandate to assist them, and they are using it in cities across the country.¹²

With joint funding from the Job Training Partnership Act, Perkins now pays for an initiative about which community organizers express cautious optimism: "Tech-Prep." Also known as the "2 + 2" program, Tech-Prep is devoted to high school students who have decided, or are considering, entering technical occupations for which a full college education is unnecessary. Students take part-time jobs during their last two years of high school, then attend a community or technical college for two years, with the option of transferring to a regular four-year college if their plans change and if they qualify.

The Perkins amendments encourage this important activity, and require community colleges and each city's school department to submit plans to the U.S. Department of Education that provide evidence of community participation in designing Tech-Prep and other education programs. Therein lies the opportunity for CDCs and other CBOs to get more involved. President Clinton's new school-to-work opportunities act of 1993 would further promote the Tech-Prep approach.¹³

One problem with existing links between CDCs and community colleges should be mentioned. Often, the part of the community college system CDCs encounter is the department of community outreach or continuing education. Yet, CDCs should hook up with different parts of the community college, namely those divisions most directly involved with private industry clients who will ultimately do the hiring.

CASE STUDY: *Bethel New Life: Chicago*

Like the New Community Corporation, Homewood-Brushton, and the Center for Employment Training, Chicago's Bethel New Life CDC is forging links with its local high schools and community colleges. CDCs like Bethel New Life have seized the opportunity afforded by revisions to the Perkins Act to make customized vocational training available to neighborhood youth.



Bethel New Life, in Chicago's West Garfield Park section, has forged links with local high schools and community colleges to offer hands-on vocational training to neighborhood youth.

Bethel New Life is located in Chicago's West Garfield Park section.¹⁸ It engages in economic development, housing rehabilitation, health and child care, and senior citizen programs as well as employment training. Bethel opened a recycling center in 1992, designed to serve some of Chicago's largest corporations.

In July 1989 Bethel New Life's then-director of community and economic development, Sheila Radford-Hill, was approached by the Center for Law and Education (CLE), a national advocacy organization under contract to the Edna McConnell Clark Foundation, as one of six promising sites around the country for vocational education. The idea was to seek out dynamic CBOs and assist them in developing new

collaborative relations with their local public schools. The guiding principle of these collaborations was to help low-income communities redirect vocational education programs to better meet students' long-term needs for education and employment.

The Bethel New Life—CLE partnership began planning even before Congress completed work on the revised Perkins law. Bethel set as its specific project goals: integration of academic and vocational course content, elimination of ability group-

ing (otherwise known as "tracking"), provision of support services to students, and implementation of a four-year curriculum in enterprise development. In particular, the project links youth enterprise, community development, and school improvement with the teaching of graphic and commercial arts, as well as drafting, electrical, carpentry, and plumbing skills while students rehabilitate a local apartment.

Three public high schools serve the West Garfield Park neighborhood: George Westinghouse Vocational High School, Lucy Flower Vocational High School, and Rezin Orr Community Academy. With CLE, Bethel New Life brought principals and other leaders from the schools together with officials of the Chicago branch of the national Cities in Schools dropout-prevention project, the Chicago and Illinois Boards of Education, and the Community Workshop on Economic Development (CWED), a citywide CDC-CBO network, for a year of planning and program design. Bethel also intends to work with officials and faculty from the local Malcolm X campus of the Chicago City College system.

Seed grants came from the local United Way and from the Joyce Foundation. CWED organized "Venture Clubs" in local schools for high school students interested in learning how to start up and manage a business.

The Youth Enterprise Network. Bethel New Life's Youth Enterprise Network (YEN) was launched in October 1990. Teachers from the three participating high schools received specialized training to help them teach students about small-business operations. The training covers such topics as pricing, marketing, developing relations with suppliers, financing ventures, sales, and planning. Corporate sponsors and local business owners volunteer to be "shadowed" for a day by students, who then write about the experience. (Shadowing programs have long been used by the nation's leading graduate schools of business.)

YEN offers workshops for parents, teachers, students, and other community residents to help prepare them for service on local school councils. The entire project is being monitored by the Center for Urban Economic Development (CUED) at the Chicago campus of the University of Illinois, by the city of Chicago and the state of Illinois, by the U.S. Department of Education, and by Bethel New Life and its partner, CLE. YEN is headed by Mildred Wiley, in collaboration with the Chicago Industrial Communities Coalition network that grew out of factory-retention campaigns of the Midwest Center for Labor Research. YEN also receives funding from the Joyce Foundation.

This project is particularly interesting because of its commitment to go beyond creating individual small businesses. Bethel New Life aims to develop a deeper awareness of community economics among participants and to encourage local youth to create business ventures that will provide goods and/or services to their home com-

munities.¹⁵ The curriculum will teach students how to analyze quantitative and qualitative indicators necessary to assess the economic needs and resources of their local communities. Toward this end, CUED holds workshops on community economic development theory and practice for students from the neighborhood.

According to Bethel New Life's Radford-Hill, "From the perspective of a community development corporation, schools represent a great untapped resource for the development of low-income communities. Schools can invest in their local economy through local purchasing and by providing expertise for community development initiatives. Additionally, schools have facilities and human resources with the potential to create jobs."¹⁶

SPECIALIZED COMMUNITY-ORIENTED TRAINING INSTITUTES

Another opportunity for CDCs arises when a city has an effective, specialized employment training organization whose staff and facilities are accessible to all CDCs and CBOs in the region. That is the case in Cleveland, where two such groups are operating effectively: Cleveland Works, a nonprofit organization that networks with other CDCs and CBOs, and the West Side Institute of Technology. Another organization of this type is YouthBuild U.S.A., which is based near Boston and has training activities around the country.

CASE STUDY: *Cleveland Works*

Founded in August 1986, Cleveland Works has received national acclaim for its success in providing preplacement and postplacement employment and social services to individuals with extended histories of being on public assistance.



A major training program of Cleveland Works certifies specialists in removal of lead and asbestos. Frequent counseling and support services have resulted in high rates of job retention over the long term.

The support services and continual counseling available to graduates of Cleveland Works have resulted in employer acceptance of trainees and high rates of long-term job retention. Many techniques of the Cleveland Works program can serve as models for CDCs considering employ-

ment training services for adults with limited access to jobs in the private sector.

Employers may pay trainees directly or choose "supported trainees," who receive their salary from Cleveland Works during the first three months of probationary employment. This grace period allows the employer to forgo liability until satisfied that the trainee-employee demonstrates standards and qualities that justify inclusion on the company's payroll.

Most important, Cleveland Works provides on-the-job support. Staff members regularly visit each work site to monitor trainees' progress and to help resolve their personal problems, legal difficulties, disputes with government case workers, or other issues that might interfere with the transition to permanent jobs.

Training Programs. Cleveland Works' graduates undergo a minimum of 400 hours of training before they are classified as "job-ready." During a 10-week cycle, individuals can choose skills training from among 15 customized programs. Besides learning specific skills, trainees take sessions in job-readiness, which covers—among other subjects—employers' expectations of hard work and positive attitude; how to fill out application forms; appropriate conduct in an interview; and advice on behavior, dress, speech, and etiquette in the workplace.

Since general life-management skills are considered essential in making the transition to successful employment, Cleveland Works provides individual counseling and self-help group discussions for all trainees. It strives to help adults address problems at home, ranging from child care to child custody. Cleveland Works also provides day care, legal services, health care, and budget counseling to trainees.

To ensure that the entire family is taken into account in the transition from welfare dependency, Cleveland Works offers educational programs that focus on child development and successful parenting. Counselors providing casework services and even bookkeeping personnel strive to become familiar with individuals as they go through the training process. (Many Cleveland Works employees are themselves graduates of the program.)

Basic skills training consists of remedial work in mathematics and English, particularly in writing and speaking. The majority of participants in the Cleveland Works program are high school graduates, but their reading and writing skills are below the ninth-grade level. Preparation for the General Educational Development (GED) test is also available for those who have not graduated from high school.

Cleveland Works focuses not only on providing supplementary services to graduates at work, but also on their success as parents and as members of their community. The program stresses that acquiring learning skills should be a family endeavor that strengthens the parent-child bond and heightens the parents' motivation to succeed.

Program personnel maintain extensive follow-up communication with graduates and employers. As a result, both become important sources of referrals for Cleveland Works.

The cost of such extensive preplacement and postplacement services considerably exceeds funds available through the conventional sources of reimbursement, government training contracts. Nevertheless, Cleveland Works' success in job retention and employer satisfaction has enabled the organization to obtain private contributions and foundation support to expand its legal services and family development programs for trainees. Cleveland Works' leaders have been astute in involving leaders of business, government, and philanthropy as members of its board of directors and in other advisory capacities.

Interaction With CBOs. Cleveland Works continually nurtures its contacts with neighborhood-based agencies and community groups. It recruits trainees from these CBOs and frequently represents the CBOs' unemployed constituents when advising local government on the design and implementation of training efforts.

In 1992 the executive director of Cleveland Works, David Roth, became chairman of the city's Private Industry Council. He has begun to explore new ways to link economic revitalization to increased job opportunities for the disadvantaged. With the city government, Roth is exploring models for neighborhood economic development and public-private partnerships.

CASE STUDY: *Cleveland's West Side Institute of Technology*

We believe that if you give our graduates a basic tool kit and leave them anywhere in the world, they can make a living.

—Anthony Discenza
West Side Institute of Technology



A trainee and an instructor review gauges as part of a course in heating and air conditioning systems run by Cleveland's West Side Institute of Technology. Its 700 graduates, once chronically jobless, are now employed.

Cleveland's West Side Institute of Technology (WSIT) has trained more than 700 formerly unemployed people in the skills needed for jobs in air conditioning, heating, refrigeration, steam plant operation, electricity, boilers, water treatment, energy management systems, and electronic/pneumatic

controls. They now make annual tax contributions of \$2 million, which far exceeds the federal contribution to their training. The institute's brochures point out that there still aren't enough graduates to fill all the available jobs in these technical fields.

WSIT has hosted private business at its 50,000-square-foot facility for extra training of company personnel in new equipment technologies. In many cases these firms donate the training equipment to the institute in exchange for use of its facilities.

The techniques used by WSIT in acquiring industry-standard equipment from corporate donors may be of particular interest to organizations that manage buildings in communities where technical education is not otherwise available.

WSIT draws students from many CBOs, including WIRE NET, which has been an influential supporter of WSIT in Cleveland's working-class and minority communities.

CASE STUDY: YouthBuild U.S.A.

YouthBuild U.S.A. specializes in employment training and, though not a CDC, is closely linked to and draws referrals from CDCs and other CBOs. As its name suggests, YouthBuild trains young people from low-income neighborhoods in skills needed in the design and construction of affordable housing. Created as a private, nonprofit project outside Boston by Dorothy Stoneman, YouthBuild now operates 12 programs in 9 sites around the country, and is starting a tenth. It has received funding from several private foundations, and, like the veteran Opportunities Industrialization Centers before it, now gets regular funding from the U.S. government as well.



Training young people from low-income neighborhoods in skills needed to design and build affordable housing. YouthBuild U.S.A. operates 12 programs in 9 sites around the country.

YouthBuild is based in Belmont, Massachusetts, just outside Boston. Its training activities have been replicated in New York, Boston, Cleveland, San Francisco, Tallahassee, Milwaukee, Indianapolis, St. Louis, and Gadsden County, Florida. A Pittsburgh project is under way as well. The demand for YouthBuild's programs, focused on affordable housing construction and youth leadership training, now greatly exceeds the organization's ability to provide technical assistance and training for additional sites.

YouthBuild attracts out-of-school youth, ex-offenders, welfare recipients, and other "hard-to-employ" young people. Its first four demonstration sites reported outstanding attendance and retention rates in programs involving work

and study for an average of 28 hours per week. Nearly 300 organizations in 42 states have joined a YouthBuild Coalition.

YouthBuild's leaders say it is more a movement and a philosophy than a com-

munity development project. The creation of a national constituency may explain why numerous federal and state legislators support this emerging organization.

Congress authorized funding for YouthBuild as part of the Housing and Community Development Act of 1992, which was signed by President George Bush. State legislatures in Florida, Indiana, New Jersey, Massachusetts, Ohio, and Pennsylvania are also authorizing funding, with the guidance of activists from YouthBuild U.S.A.

PARTNERSHIPS WITH LOCAL HOSPITALS

The continuing growth of the urban health-care system presents an opportunity for community development corporations. Large institutions, especially municipal hospitals, tend to be in locations easily accessible to residents of low-income neighborhoods. Jobs in these institutions require, and in turn build on, a wide range of skills, from custodian to lab technician and medical professional, to manufacturer of laboratory equipment and laundry operator.

The urban medical-care system continues to grow, both as a result of population growth and of the "graying" of the population. However national health care reform works out, these are jobs with a future.

CASE STUDY: CDC Job Placements in Pittsburgh Hospitals

CDCs are making connections to major urban hospital complexes on Pittsburgh's North Side and Oakland sections. The North Side CDC now supplies trainees (and job-ready workers) to its neighbor, the Allegheny General Hospital, while the Oakland Planning and Development Corp. has developed a partnership with Presbyterian University Hospital of the University of Pittsburgh.



The North Side Civic Development Council refers trainees like this young man as well as job-ready workers to Allegheny General Hospital, one of several Pittsburgh medical centers working with CDCs.

The North Side Civic Development Council and the North Side Leadership Conference, an umbrella group of 14 CDCs, joined with Allegheny General Hospital in 1987 to form the Northside Partnership. Through various committees, the partnership co-

operates with the hospital in planning its building needs, on obtaining mortgage subsidies for hospital employees who buy property on the North Side, on finding North Side sources for hospital purchases, on creating health-care access for hospital neighbors, and on providing employment and education opportunities for North Side residents.

The Employment and Education Committee meets quarterly and monitors two programs. The education program provides full scholarships for North Side residents who pursue associate degrees in such health careers as nursing and medical technology at the Community College of Allegheny County. The program supports about 50 students at a time. Although the hospital does not guarantee jobs to program graduates, virtually all have been hired there.

The committee also monitors a hospital program that provides preferential hiring for all North Side job applicants. In the program's first four and one-half years, the hospital hired 682 North Side residents, of whom 486 were retained. The committee monitors the mix of hiring—salary levels, racial composition, geographic distribution within the North Side—and investigates complaints from residents.

The committee has also sponsored related initiatives, including minority networking and recruiting events. About 25 neighborhood residents have graduated from a self-development program, which is designed to evaluate individual skills and career goals. The committee is studying local job-readiness programs, with the intent of developing one for North Side residents.

Community-hospital connections are also being forged in other areas of Pittsburgh. The Oakland neighborhood, for example, includes the city's major concentration of universities, libraries, and hospitals. The Oakland Planning and Development Corp. has referred job-seeking residents to Allegheny and to the Presbyterian University Hospital, which is associated with the nearby University of Pittsburgh.

In addition to helping people with employment counseling, résumé writing, and career planning, the Oakland CDC has helped negotiate educational benefits for large numbers of residents. University Hospital, which typically provides education reimbursement for senior staff, now offers such tuition assistance for young people from the community as well, providing they obtain a grade of C or better in their courses.

Chapter 4

Frustrations

When researchers and consultants spend time with community-based organizations and local public agencies around the country, their staffs invariably seize the chance to vent their frustrations with the system. Listening to such complaints was an important part of our mission. The frustrations expressed to us by the more than 100 people we interviewed revealed information that might inspire changes in the design, regulation, and administration of employment-training policy at the federal, state, local, and private-sector levels.

FEDERAL EMPLOYMENT TRAINING PROGRAMS

Government training programs that once focused on problems of experienced, dislocated blue-collar workers were redirected by the Kennedy and Johnson Administrations in the 1960s to target the "hard-to-employ" (which many took to be a euphemism for blacks and other minorities). Since then, nationally legislated and funded worker training programs have been dismissed by many employers as vehicles that provide only poorly trained workers who lack motivation.

Many prospective workers and the academics who recommend publicly funded training believe that "the system" tends to place people in only the lowest-paid jobs with the fewest chances for acquiring the on-the-job experience that will help them move up career ladders. In the late 1960s, when pressed to offer a definition of the low-wage labor market, Michael J. Piore, an economist at the Massachusetts Institute of Technology, responded: "The best operational definition of a secondary [low-wage] job is one which the [U.S.] Employment Service has in its files and is able to fill."¹

CASE STUDY: *Phoenix's Chicanos Por La Causa*

Directors and staff of mature community development corporations frequently expressed frustration with the employment training system they have known since the 1970s. They gave as an example the problems encountered by the leadership of one of the oldest and most successful CDCs: Chicanos Por La Causa (CPLC) in Phoenix.



A clerical skills class at Via de Amistad, a job-training program run by Chicanos Por La Causa. The program provides child care as well.

Chicanos Por La Causa was founded in 1969 to help Hispanics obtain equal access to education, housing, and employment. In 1975 CPLC established service programs to alleviate problems local residents were encountering

with social service agencies. Among the problems were requirements for alternative documentation from applicants unable to produce birth certificates, Social Security cards, or other proof of residence.

CPLC organized several human services projects for local residents who were reluctant to approach certain programs operated by government agencies and government subcontractors. In some cases, this aversion was a result of language barriers. In others, it stemmed from the government's demand for what the largely immigrant community saw as excessive documentation.

The CDC also builds and manages affordable housing; develops shopping plazas like the Phoenix Mercado; operates a credit union; provides services to seniors; provides small-business technical assistance and loan funds; and offers counseling on substance abuse, domestic violence, juvenile offenses, and mental health. Its success in maintaining such diverse programs has given CPLC the ability to influence policy on local, state, and federal levels.

CPLC has managed to be a vital actor in the revitalization of downtown Phoenix. Promotional literature from the business community notes the significance

of CPLC's Mercado in the city's renaissance—a clear indicator of local recognition. CPLC has participated in the Arizona Strategic Planning Process for Economic Development and in the policy deliberations of Arizona State University's Morrison Institute for Public Policy. (Arizona State is a tenant at one of CPLC's office complexes.)

Although it has become an important factor in Phoenix's civic life, CPLC continues to be a strong advocate for the disadvantaged. CPLC balances its role as a developer of residential and commercial properties with its historic commitment to providing human services. Its track record and diverse funding base allow it to take risks. For example, it has begun exploring import/export and joint-venture opportunities with firms in Mexico.

Job-training projects operated by CPLC include the Westside Training Center, General Educational Development (GED) programs, summer youth employment, career counseling, placement for older workers, and a speakers' program featuring community business leaders.

Despite its many successes, CPLC is frustrated by inconsistencies in the funding, administration, and monitoring of federal employment training programs. The pressure to place trainees in jobs quickly, while constantly coping with underfunded support services, discourages the CPLC staff.

Staffers remember when more extensive resources were available from Washington. For example, Pete Garcia, CPLC's executive director, noted the negative effect on community and employee morale when the U.S. Labor Department, after only one or two years, abruptly withdrew funding that stimulated youth-run enterprises and similar job-creating experiments. (Other mature CDCs reported similar disasters.)

Garcia cautions colleagues in the CDC movement not to embark upon employment training efforts unless financial support is assured over an extended period, and foundation and government grants make it possible to add staff to work with the job-training bureaucracy.

To be sure, CPLC continues to use some of its state funding for youth employment services. In addition to the programs it has operated for more than 18 years in basic skills education and job skills training, orientation, and placement, CPLC also conducts a pairing program, which brings mature workers together with teenagers. The older people serve as role models and pass along a variety of skills to the youths. In exchange, the young people offer English language assistance to the predominantly Spanish-speaking older workers.

CPLC's Skill Training Center has state certification for both its vocational education and GED credentialing programs. This ensures compensation from the state and also, from time to time, enables CPLC to charge participants capable of paying for their training.

Despite its willingness to gamble on commercial projects, CPLC is reluctant to

expend precious resources on employment training unless long-term support can be assured. This reluctance is based on its experience with the inconsistent cycles of federal funding. CPLC is also anxious to provide social services to any low-income person in its target area without being compelled to "cross-examine" applicants about sensitive immigration and family-related information.

In sum, although CPLC maintains an admirable mix of human services for local residents, it would focus even more attention on training if it were assured that funding commitments would be made for periods of five to seven years. Similarly, its director and staff would have to be confident that dealing with government bureaucracies would not exhaust staff time and resources.

PROBLEMS WITH THE JOB TRAINING PARTNERSHIP ACT

Even today, the federal JTPA program still considers a post-training job placement successful if trainees remain in their new jobs for as little as 30 days.² We encountered both sides of this old bias in our interviews. In Chicago, for example, former senior officials in the administration of the late mayor Harold Washington complained that "many employers here just don't take JTPA-related placements seriously; the trainees are just written off." And in Pittsburgh, a high-level official with a large private utility company said much the same thing, telling us that employers prefer to do their own training, saying, "We don't need government or community programs to do it for us."³

Some farsighted city officials, aware of the frustrations in the JTPA system, have found ways around them with creative packaging and financing. For example, as manager of Pittsburgh's job-training agency, David Farley (a past president of the U.S. Conference of Mayors' Employment and Training Council) combined funds from JTPA and HUD Community Development Block Grants to create a pool of capital to support neighborhood employment projects. Part of the city's activity involved helping CDCs and other CBOs to work more closely with the city and local community colleges on employment training.

Rigidities and Restrictions

Still, despite the creative approaches employed by some officials, virtually every CDC and CBO director and staff person we met complained about the rigidities and restrictions of the JTPA system, thereby confirming most professional evaluations. As the overall national training budget was pared down by Congress and the White House during the 1980s, and with the growing emphasis on targeting services to the very-hard-to-employ, eligibility requirements for JTPA services now demand that potential trainees be very unskilled and very poor. According to a 1992 report from George Washington University's Center for Social Policy Studies, dislocated worker enrollment averages 22 weeks and JTPA classroom training 20 weeks. Average government investment has been reduced over the last decade to about \$1,500 per trainee.⁴ In all, the government's aggregate budget for job training has been steadily declining.

Many CDC and CBO staffers argued that any prudent organization—especially those skating on thin ice, as theirs do—should be able to “mix its portfolio,” engaging the most disadvantaged, more job-ready, and even experienced but recently displaced residents in employment training activities. As things stand now, one staffer said, “all we are allowed to work with are the very toughest cases.”⁵

JTPA is also widely criticized for the tremendous amount of paperwork required to submit and negotiate plans with city, PIC and DOL officials; and for both statutory and locally invented limits on the most valuable programs. For example, the few on-the-job training slots are highly prized because they alone provide a federal subsidy to employers for hiring trainees. Employers may hire them at prevailing wages (often the legal minimum of \$4.25 an hour), but DOL reimbursement is restricted to half that.

In addition to its restrictive eligibility requirements, people complain about JTPA's rigid term limitations. By law, subsidized on-the-job training positions may not last more than six months, and individual cities are allowed to tighten that requirement even further. For example, the Mayor's Office of Employment and Training in Chicago limits on-the-job training reimbursement to employers to a maximum of 15 weeks for an individual trainee. The 1992 JTPA amendments did not relax these rigid restrictions.

But, says Carlos Lopez, director of statewide projects at the Center for Employment Training in San Jose, most people, especially adults, need more flexible arrangements. Some need—or, given their family circumstances, can handle—more continuous training, while others need less. CET's approach, in which clients can enter and leave training many times, is a superb model for the federal system—even as it challenges program managers operating under tight budgets. Open entry and exit is expensive. But in the context of U.S. labor markets, where mobility is far greater than in, say, Germany or Japan, this approach makes a lot of sense.

THE NEED FOR MORE RELIABLE FINANCING

Still another source of frustration for CDCs and CBOs is the unreliability of financing for employment training—indeed, for all local economic development programs.

Some CDC directors and veterans of the community development movement said that their typical CDC projects—construction and building maintenance within their own neighborhoods—operate on overly tight budgets, with little slack. Having to take on totally unskilled trainees could break an organization. Jim King, the long-time director of Avondale CDC in Cincinnati, former chair of the National Congress on Community Economic Development, and an adviser to our project, made a comment that we heard from many CDC directors and staff: Adding employment training to already heavy staff management responsibilities could be fatal.

To be sure, among the CDC staff we interviewed, opinion on this was divided. Organizations such as Newark's New Community Corporation have a strong commitment to, and an admirable record in, training and hiring unskilled local residents of the Central

Ward as paid employees in all NCC projects. But tension exists on this subject within the CDC movement, and it should be taken seriously.

Patient Capital

In the current national debates about the competitiveness of U.S. companies and the desirability of promoting some kind of industrial policy, a central concern is the alleged lack of what U.S. Secretary of Labor Robert B. Reich has termed "patient capital." The problem was studied in great depth in 1992 by a group of 25 economists and historians, under the direction of Michael Porter of the Harvard Business School.

A combination of institutional arrangements in Japan, Germany, and elsewhere eases the way for companies to make long-term investments in both physical and human capital—investments that will not pay back for many years, or that offer a relatively low rate of return. But U.S. institutions reinforce the inclination of many managers to avoid such long-term investments, even though such investments promote long-run economic growth.⁶ CDC and other CBO directors and their staffs tell us that it should be U.S. policy to provide long-term "patient human capital."

Other Funding Problems

Although some organizations we visited would prefer to continue relying on outside agencies for employment training, those already in the training game (or those who would like to play) unanimously expressed their frustration over lack of adequate funding for full-time positions for training specialists. Some also mentioned a lack of funds to provide space for training. Most CDCs do not have full-time employment training specialists on staff. Instead, staff salaries and space rentals are subsidized by grants, fees, and other sources of CDC income.

Another complaint was about the legendary delays in government reimbursements for services delivered by JTPA vendors—including CDCs and CBOs. These delays are especially difficult for small organizations operating on tight margins. A number of CDC directors and staffers suggested that foundations might consider bridge loans to help grantees live with these endemic delays.

TRANSPORTATION ACCESS

CDC and CBO directors related a panoply of frustrations with transportation, especially in getting inner-city residents to suburban job sites. At first glance, the new entry-level and hourly retail and service-sector jobs in fast-growing suburban malls around most U.S. cities would seem to offer ideal employment opportunities for inner-city residents. That might be true if the employee could drive from home to job site—but most of the working poor do not have access to a car and must depend on public transportation. Unfortunately, poor public transportation to these job sites is a major obstacle for many inner-city communities that use CDC-sponsored employment training and placement services.

This lack of access to dependable, affordable transportation repeatedly reduces the success of community organizations in employment training. Public transit may either be absolutely inadequate or nonexistent, or schedules and route plans systematically—perhaps deliberately—fail to connect inner-city neighborhoods to the light manufacturing, retail, or service-sector slots in suburban industrial and office parks, malls and retail centers, airports and adjacent hotels, and restaurants.

Consider the case of Newark, New Jersey, a place seemingly endowed with world-class access to international shipping and air routes, national passenger and commercial rail routes, and local, regional, and intraregional mass transit connections. Historically, this transportation infrastructure stimulated growth in Newark's industrial corridor, and the mass transit system delivered scores of employees daily to companies throughout the New York/New Jersey metropolitan area.

Yet at a Newark job fair designed to match graduates from CBO- and CDC-sponsored employment training and placement programs with private-sector employers, our team heard again and again that inner-city jobholders or job seekers find traveling to the suburbs much like trying to swim upstream. Newark's public transportation system, like that of other urban areas, was designed to expedite travel to the downtown area from a ring of old suburbs, at normal hours (generally 9 A.M. to 5 P.M.). Bus routes, especially, were not planned for reverse commuting or for travel to newly developed areas in the suburbs. Transportation from downtown to the new suburbs at any time of day is a problem. Finding cheap public transportation for traveling from suburb to suburb is almost impossible.

Not only is reverse commuting difficult, it is extremely expensive. Some CDCs and CBOs in Newark have been asked to place people in work sites that require a 90-minute commute costing \$8 to \$12 a day in round-trip fares. Moreover, door-to-door service is lacking. Bus stops near suburban job sites are often located half a mile to a mile away from the place of employment, requiring reverse commuters to negotiate bad weather and dangerous roadways on foot, in order to complete their trips.

The transportation burden also creates problems in the workplace itself. Many employment training counselors in Newark and elsewhere told us that employers view a reverse commuter as less dependable if using public transportation instead of a private car. Since commuters from the inner city often have to make several connections, sustain long journeys, and pay a high fare, it is indeed likely that something will interfere with their timely and dependable arrival.

Discrimination

Even worse, using public transportation sometimes sends the wrong signal to certain employers. For some, there may actually be a stigma associated with being bused to work. The inner-city commuter to a suburban job site sometimes encounters prejudices similar to what students faced when mandatory busing was implemented in some cities in the 1960s and 1970s.

We witnessed firsthand that businesses sometimes screen job seekers based on their access to transportation. One company in the Newark area, a major employer with a large clerical, data processing, and customer service staff, requires daily travel to both its downtown offices and its suburban Morris County site. In preliminary interviews with job hunters attending the Wednesday Morning Club job fair at Essex County Community College, the company's representatives posed the question "Do you have a car?" If the applicants responded "yes" and had average credentials, they were allowed to go on to the next stage of the process. An applicant with average credentials who said "no" was placed in a holding file. In other words, they were screened out.

We found private employers using similar screening techniques in Greenville (Mississippi), Denver, Phoenix, and San Antonio—and sometimes such a screen is relevant to the job; for example, inspectors or sales representatives may have to travel to several sites in the course of a day. But there seems little doubt that some employers use such information in a way that constitutes *de facto* discrimination."

Many CDC representatives reported overt discriminatory behavior by some employers toward reverse commuters. A Newark CDC employment counselor related a conversation in which a potential Morris County employer quipped: "We don't want them coming out here. They'll come out on the bus or van and go home in a Cadillac."

Similar experiences were recounted in Chicago and Pittsburgh. Employment counselors also worried that the combination of poor transportation services, the lack of others at the same work site using the bus, and racial and socioeconomic prejudices would further isolate inner-city commuters from their counterparts.

Finally, reverse commuters face a personal cost even when the buses run and good connections are made. Trainees and job seekers are often reimbursed as much as a month later for job-search expenses by public and private job-training programs. This means that a major fraction of their daily wage or training stipend goes to transportation costs. Moreover, the daily transit outlay and the long time spent traveling limit the number of trips a job hunter can make in a day or a week.

Attempts at Solutions

The transportation burden is an important issue, one with which many CDCs, CBOs, and community development umbrella groups are wrestling. Some have developed workable solutions by using their political clout to force local policy makers to respond to these con-

cerns. In Chicago, the North Business Industrial Council (NORBIC), a coalition of CDCs and other development groups, initially came together simply to prevent transportation service changes in its constituent neighborhoods that would have reduced access to suburban- and downtown-bound buses.

Like NORBIC, other CDCs "watchdog" their transit authorities. Newark's New Community Corporation is working closely with the Port Authority of New York and New Jersey to determine effective routes and schedules to get workers to jobs west of the Newark metropolitan area.

Some CDCs provide or contract vans or bus services to take employees to offices or factories in areas poorly served by public transit. Pittsburgh's Hill CDC provides vans to take workers to hotel service and construction jobs in the fast-growing airport corridor.⁹ NORBIC initiated a reverse-commuting service to convey employees from Chicago's near West Side to suburban employers and area hospitals. The van service is more efficient because less time is spent traveling. Also, many employers subsidize related costs. In any case, better transportation improves employee morale.

However, such projects—tried in different cities since the 1960s—quickly lose their appeal to CDCs due to the high cost of operating the van service. With few exceptions, such projects have had marginal success, at best.¹⁰ Especially troublesome are escalating insurance rates on vans, the highly variable number of riders, and the dependence on subsidies and contracts from government agencies and employers. Still, there are success stories. Consider Suburban JobLink.¹¹

CASE STUDY: Suburban JobLink: Chicago

Chicago's Suburban JobLink is one of the few community-based projects across the country that has met with some success in attempting to overcome the problem that inner-city residents face when they have to commute to suburban job sites.



A Chicago worker boards a bus for a job outside the city. Suburban JobLink provides the bus at low cost for 400 to 600 workers a day. The program also refers men and women to job-training services.

Just Jobs, now known as Suburban JobLink, started in 1971 to identify job openings for men and women from Chicago's poorest neighborhoods. Gradually, founder John Plunkett recognized that most vacancies open to his client-workers were located in the suburbs.

The program was expanded to develop closer contacts with suburban employers, mainly but not entirely in manufacturing; to refer potential workers to job-training services offered by other organizations; and especially, to provide a reverse-commuting service to get inner-city residents to the suburban job sites.

Plunkett now operates a fleet of six buses, working multiple shifts; organizes car pools; and follows up on the progress of people placed in suburban jobs. With funds from employer-paid fees and grants from the MacArthur Foundation and other donors, Suburban JobLink transports from 400 to 600 riders each day, charging them \$3.50 for a round-trip, less than the cost of public transit. Service is as close to door-to-door as possible. As of late 1992, some 150 companies employed workers transported by Suburban JobLink.

NEGOTIATING THE JTPA BUREAUCRACY

Over and over, CDC and CBO staffs as well as other community activists reported their frustrations with the JTPA system: too little money; excessively tight eligibility requirements, especially for training stipends; and the political dominance of the mostly private-sector PICs that, more often than not, simply do not take CDCs and other CBOs seriously. In a few cities, community groups have organized to do something about these problems.

Many CDCs and CBOs evolved in response to political and social inequities deliberately or inadvertently created by local, state, or federal programs and legislation. Now, having established a voice in local politics, some CDCs and other CBOs are working collectively, through umbrella organizations that advocate for favorable policies and laws, as well as for services from City Hall, from the Governor's mansion, and even from the U.S. Congress.

CASE STUDY: *Chicago Jobs Council*

In Chicago, a network of neighborhood groups, known as the Chicago Jobs Council (CJC), acts as a watchdog on the city's employment training and vocational education bureaucracies. Formed when Harold Washington was mayor, CJC has become an important player in the design and implementation of human resource programs in Chicago, especially those addressed to young African-American men.



The Chicago Jobs Council represents CDCs working together to ensure that the city's job-training programs provide their constituents with such marketable skills as house painting.

The Chicago Jobs Council (CJC), a local umbrella organization, is the employment advocate for Chicago-area CDCs. CJC was created in 1983 as a coalition of CDCs, including the Neighborhood Institute, Community Workshop for Economic Development Corporation (CWED), Chicago Area Neighborhood Development Organization (CANDO), and Bethel New Life. Its members meet quarterly.

Chicago CDCs and CBOs collaborate through CJC working groups to identify ways to take advantage of employment opportunities. Openings have been created by the local implementation of JTPA and Perkins regulations, and by many state and local programs operating in the area. CJC special-interest working groups meet regularly with the Mayor's Office of Employment and Training (MET), with JTPA

administrators, and with employment training and placement personnel associated with the City College system.

CJC initially formed these working groups in reaction to proposed changes in funding for employment training. In 1989 a new state welfare program called Project Chance, and a subsequent program known as the Work Force Development and Preparation Initiative, proposed alternatives to training welfare recipients for jobs. The programs focused on providing employment training through the City College system. They also sought to eliminate duplication of employment training services in Chicago by, among other means, forcing CDCs out of the system. At that point, several CDCs formed CJC working groups to ensure a more equitable distribution of funds and training slots for their constituents.

By all accounts, CJC has been an effective advocate. The MET and JTPA working groups are becoming important players in employment policy by monitoring local implementation of JTPA legislation. This is critical, since MET determines the allocation of JTPA funds in Chicago. The City College working group has been monitoring the effectiveness of Perkins-related and other training and vocational programs. One of CJC's major concerns is that these programs overwhelmingly attract more women than men. Consequently, CJC has formed groups of CDC and CBO staffers and City College officials who are now working on the training needs of African-American males.

Changes in the training programs support the development of resources for CDCs and other CBOs to provide job-preparedness training. According to Spruiell White, CJC's executive director, the City College system can deliver the training required for a particular trade. But, he argues, the instructors cannot be expected to provide the social, psychological, and attitudinal support that African-American males especially need. CJC's City College working group finds little difference between the abilities of graduates of the two-year City College system and those who eventually drop out or never attend; however, there is a huge gap in self-esteem and attitude between the two groups. CJC serves its member CDCs by developing strategies and programs for closing that gap.

CASE STUDY: *The COPS/METRO Alliance: San Antonio*

Yet another example of creative, organized community action inspired by frustration with the system comes from San Antonio, Texas. The COPS/METRO alliance dates to the early 1970s, when it was first organized by activists from San Antonio's Chicano neighborhoods, the Industrial Areas Foundation, the Catholic Bishops' Campaign for Human Development, and allies of Cesar Chavez and Dolores Huerta from Los Angeles.¹²

Rejecting the official federal guidelines and eligibility requirements for receipt of training funds, COPS/METRO has steadily blazed its own path, creating experimental programs across the city. Over time, these innovations came to be endorsed by then-Mayor Henry Cisneros, who is now Secretary of the U.S. Department of Housing and Urban Development, and Texas Governor Ann Richards. While sharing the same neighborhood constituencies, COPS/METRO has usually pursued its goals independent of the city's regular CDCs.



A course in electronics is one of the most popular at Project QUEST, a job-training program organized by COPS/METRO Alliance in San Antonio. QUEST focuses on technical and business skills in strong demand.

For long-time observers of the employment and training field, something dramatic is emerging in San Antonio. Citizen groups and local government have organized new approaches to training and support services and have rejected conventional federal-funding criteria. Traditional

federal resources are also being ignored or redirected as training priorities and resources are restructured.

Leading this effort is the COPS/METRO Alliance. COPS/METRO has convinced some local officials, such as the city's development director, to reject short-term placements in low-wage service jobs and to focus instead on developing ways to link constituents to long-term training and opportunities, and to higher-wage service and trade jobs.

Communities Organized for Public Service (COPS) was founded in 1974. It includes 26 parishes in San Antonio's predominantly Hispanic, low-income West and South Side neighborhoods. COPS's partner in reconstructing employment and train-

ing is the Metro Alliance, which was formed in 1989 by the merger of San Antonio's East Side Alliance and the Metropolitan Congregational Alliance. Pearl Cesar is lead organizer. Together, COPS and METRO have worked on such communitywide issues as education, infrastructure, crime, housing, hazardous waste, and neighborhood revitalization.

In 1992 Governor Ann Richards pledged state funds for a training approach proposed by COPS/METRO. The new program is called Quality Employment Through Skills Training, or QUEST. The initiative is built on the following principles:

- *employer linkages*, with emphasis on jobs offering additional on-the-job training and career possibilities;
- *individual training accounts*, including trainee support through child care, transportation, special services, and income stipends;
- *basic skills preparation*, providing basic competencies and foundations in literacy and numeracy along with occupation-specific training; and
- *unified intake and assessment*, using centers independent of training providers, where centralized job information, counseling, and case management are available.

The COPS/METRO strategy reflects the view that an investment of extended time, resources, and services is required for a successful transition to entry-level positions for high-skill occupations. The strategy evolved after a careful analysis of the San Antonio economy. COPS/METRO organizers realized that the nature of employment in the area was changing rapidly. Manufacturers were departing while the service- and tourism-based work force was growing, leading to demands to reorganize employment training. Unfortunately, the reimbursement and evaluation practices of the federal training programs had led to short-term employment and skills training for positions that too often were not available.

Funding. Both COPS/METRO advocates and sympathetic local officials decided to seek other funds to undertake the new employment approaches. State funds and federal community development block grants not usually intended for employment training were coupled with other federal resources to underwrite trainee stipends, support services, and other expenses. This determination in Texas to take the case for dramatic program revision to Washington may have contributed significantly to Congress's recent determination to encourage more flexible federal responses to program needs such as those defined by the COPS/METRO effort.

San Antonio's nationally esteemed CDCs, including the Mexican American Unity Council (MAUC) and the Avenida Guadalupe Association, were not very

involved in the grass-roots struggle of COPS/METRO. This absence was partly attributable to their involvement in real estate and business development initiatives that proved all-consuming. MAUC was also absorbed by restructuring endeavors, as the CDC shifted its emphasis from the delivery of development activities to human services for local residents.

INFORMATION SHARING

Finally, CDCs can sometimes help residents simply by collecting information about their needs and previous work experiences, and getting that information to training institutes, intermediary organizations, or employers. It is unfortunate that such vital information remains hard to come by.

CASE STUDY: *Denver's NEWSED*

CDCs like Denver's New West Side Economic Development Organization (NEWSED) have set a fine example for other community groups—and for city, county, and state governments—by developing a process for acquiring valuable job-referral information.



Leaders of Denver's New West Side Economic Development Organization: Veronica Barela, Chris Frequez, and Virginia Martinez. NEWSED provides extensive information about job opportunities and training to local residents.

The New West Side Economic Development Organization is a CDC located in Denver's Santa Fe neighborhood, the heart of the Hispanic community. Unlike most other CDCs in Denver, NEWSED does not focus on low-income residential housing. Rather, it has successfully developed commercial real estate and rehabilitated small strip malls and other commercial and retail properties. NEWSED's efforts to improve local public services, and to strengthen the neighborhood through such activities as street festivals, have helped preserve the vitality of Santa Fe's commercial corridor.

NEWSED had been able to find some jobs with local retailers and contractors, but it was anxious to play a stronger role in employment than serving as a referral source. Like many other Denver CDCs, NEWSED preferred to avoid the daunting task of establishing a skills-training center. Instead, it chose to refer residents to other community organizations, such as Denver's Northeast Women's Center, which maintain strong relations with CDCs and operate programs ranging from literacy training to seminars on job-readiness.

Despite such links to community programs and colleges, NEWSED felt the need to craft something to respond to local residents' employment needs. Using founda-

tion grants and technical assistance from local academics, NEWSED designed a survey that assessed residents' skills and their interests in various types of employment. The survey revealed that their skill levels were higher than had been thought. It also demonstrated that many respondents would be willing to work for lower wages if employment could be found closer to home.

The survey alerted many residents to the fact that NEWSED was concerned about employment, and implied that the CDC could provide job-referral information. The project also brought about a working relationship with the University of Colorado's Center for Community Development. Unfortunately, the survey project was unique to NEWSED's community and was not included in a citywide effort to focus on employment training or foster better coordination of service delivery.

NEWSED interviewers noted that persistently poor people were not adequately served by the Private Industry Council and that residents' links to employers were quite limited. As a result of CDCs reporting on access to the employment training system, they have begun to consider how to improve information-sharing and post-placement resources for neighborhood residents.

NEWSED's activities create a format for CDC involvement in employment training without requiring a major investment in new staff and facilities. By merely improving access to information about work opportunities, training programs, and public-private resources, a CDC can become a valuable resource to residents who are not inclined to visit government offices. By surveying the local population, a CDC may provide useful new information about the training needs of residents seeking work.

NEWSED's survey instrument and data base have not yet been borrowed or emulated by other Denver CDCs. However, several other groups have expressed interest in replicating the NEWSED approach if sufficient funding is available.

Postscript. State officials seem supportive of Denver's CDCs. One official even restructured a grant initially intended for experienced dislocated workers to allow the funds to be redirected to job-readiness efforts. Although CDCs were not optimistic about playing an immediate role in major projects such as Denver's new airport and sports stadium, some felt that emerging public-private partnerships with banks, inspired by the Community Reinvestment Act, might improve job-referral opportunities. Indeed, the senior official of one bank also served as the chairperson of a community-based training program.

Several bankers suggested that regulatory incentives for engaging in employment training would probably stimulate a greater willingness among financial institutions to lend staff expertise to CDC employment training.

Chapter 5

Prospects: Where are the Feds and Intermediaries Heading on Employment Training?

A number of federally funded, mandated, and regulated programs continue to include provisions for job training. First among these is the Job Training Partnership Act (JTPA) of 1982, amended in 1992, about which much has already been said.

RETHINKING THE JOB TRAINING PARTNERSHIP ACT

Since its inception in the late 1970s, JTPA has had four major components. First, block grants have been given to states for locally mandated programs, which include summer youth employment and training and adult on-the-job training with small stipends. These grants are administered by more than 600 county and municipal private industry councils (PICs). Second, JTPA underwrites federal-state programs, notably those for experienced, dislocated workers. These programs were modified in the mid-1980s to incorporate provisions of the Economic Dislocation and Worker Adjustment Assistance Act. Third is the unemployment insurance benefit system. Fourth are a number of longstanding federal initiatives, including the U.S. Employment Service, which operates skills centers and provides job vacancy information and referrals to recipients of unemployment insurance. Also included are the Job Corps; Indian and Native American programs; Migrant and Seasonal Farmworker programs; and resources for funding program evaluation and technical assistance.

The Job Training Reform Amendments of 1992 introduced some modifications, although it remains to be seen how the Clinton Administration will develop regulations for administering the act's various elements.¹ Among the amendments' provisions is the priority assigned to "on-site, industry-specific training programs supportive of industrial and economic development." The amendments explicitly authorize "counseling and supportive services [which] may be provided to a participant for a period of up to one year after the date on which the participant completes [a] program." Within the act is explicit authorization for the support of "capacity-building of service deliverers," although it is not clear whether salaries for additional staff would be supported under this provision.

A new "Youth Fair Chance Program" has been added, to beef up the targeting of services to young people. Another new activity is the "Microenterprise Grants Program," which authorizes the Secretary of Labor to "make grants of not more than \$500,000 per year to not more than 10 states per year to implement and enhance community-based microenterprise activities," including incubator programs for small-business start-ups. Funds

may be used for entrepreneurial training, for the purchase of technical assistance, and for "peer support programs and counseling." However, staff salaries, building and equipment purchases, and renovation are not allowable under the new title.

Several—but still too few—community development corporations and community-based organizations are becoming engaged in computerized information networking activities with service providers, funders, prospective employers, and one another. Community groups have a long way to go in developing the capacity to participate fully in such activities, which are becoming mandatory for competitive performance among Fortune 500 companies, colleges, and universities. The JTPA Amendments indirectly promote this agenda by giving the Labor Department an additional mission in further developing labor market information systems.

In cooperation with the states, the Commissioner of the Bureau of Labor Statistics is authorized to "determine appropriate procedures for establishing a nationwide database containing information on the quarterly earnings, establishment and industry affiliation, and geographic location of employment, for all individuals for whom such information is collected by the states." This means that groups of workers and establishments are to be followed over time, to see how their economic conditions are evolving, with the information made available for policy research and program evaluation. Information is to be stored so as to protect the privacy of individuals and the confidentiality of companies. It is not clear whether the 1992 act allows service providers (including CDCs and other CBOs) to request funding from the Department of Labor to support hardware and software costs involved in participating in an information network, although the training of staff programmers is surely allowable.

Other federally funded programs with training elements that are often linked to JTPA include the Perkins Vocational Education Act, the Food Stamp Employment and Training Program, Veterans' Vocational Training, Refugee Assistance, Vocational Rehabilitation, Pell Grants and Guaranteed Student Loans from Title IV of the Higher Education Act, and Trade Adjustment Assistance for workers dislocated as a result of imports. Tech-Prep, described earlier, is a vocational education and training program jointly supported by JTPA and the Perkins Act. The School-to-Work Opportunities Act of 1993, proposed by the Clinton Administration, has the potential to further expand Tech-Prep funding. The act would be jointly administered by the Secretaries of Labor and Education. As already observed, most ambitious of all is the Administration's proposed Re-employment Act of 1994, which would almost complete revamp the JTPA system. As of the summer of 1994, the outlook for these initiatives remained uncertain.

NEW INITIATIVES FROM THE OFFICE OF COMMUNITY SERVICES

The Office of Community Services (OCS) in the U.S. Department of Health and Human Services (HHS) operates the equity capital fund, which has financed CDC job-creating ventures since the 1960s. These funds were formerly dispensed by the Community Services Administration (CSA) and its predecessor, the Office of Economic Opportunity (OEO). In 1991 Congress directed HHS to encourage grantees to say how the financing of their proposed projects might stimulate employment or self-employment opportunities in targeted neighborhoods. They must provide details about how projects "will enhance the participants' ability and skills in their progress towards self-sufficiency." Emphasis is placed on creation of jobs that pay hourly wages above the minimum, and provide other such benefits as health insurance, transportation, and child care.

In 1992 OCS provided a major grant to the New Community Corporation (NCC) in Newark, New Jersey, for the operation of its comprehensive employment and training facility. This project, which aims to replicate the successful training approaches pioneered by San Jose's Center for Employment Training, operates an office in Newark on NCC turf. The project will build on NCC's extensive relations with employer networks in the Newark-New York City area.

Another intriguing development in the OCS program is apparent in two \$500,000 grants to private industry councils in 1992. The PIC of Snohomish County in Everett, Washington, is using its grant to replicate in rural areas a Seattle initiative that provides technical assistance for unemployed people pursuing small-scale entrepreneurial activities. The second grant went to the PIC of Dade County, Florida, for its Jobs For Miami program, in which five employers have moved into an enterprise zone and have promised to provide 80 new jobs with average hourly wages of \$6.25.

A large portion of the Miami grant will fund 50 percent wage reimbursements for employers providing on-the-job training. Other funds will cover staff salaries and related general and administrative expenses. Jobs For Miami will target its programs to the Liberty City and Little Haiti neighborhoods and to public assistance recipients, youths between the ages of 16 and 21, workers over age 55, new immigrants, ex-offenders, and other individuals classified as chronically disadvantaged.

Most previous training programs, particularly those offering on-the-job training, would have depended exclusively on grants from the Department of Labor. However, because of resource limitations, especially for staff reimbursements and support systems, programs for low-income community residents are now seeking support from other government sources, which often provide greater flexibility.

Federal interagency agreements have also inspired cooperation between federal bureaus. OCS operates a special grant program called Job Opportunities for Low-Income Individuals (JOLI). Intended mainly for recipients of Aid to Families with Dependent Children (AFDC), JOLI assists projects that emphasize employment and self-employment

rather than traditional economic development and job creation. In 1991 JOLI gave support to the Montgomery County PIC in Rockville, Maryland, which cooperated with the Housing Opportunities Commission of Montgomery County and the Montgomery Community Action Agency. This project helps 38 AFDC recipients living in the Middlebrook Square housing project obtain jobs or pursue self-employment. It is financed by both HUD and HHS

THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT REINVENTS ITSELF

From the late 1970s until it expired in 1989, the Urban Development Action Grant (UDAG) program was the means by which HUD financed downtown projects like office buildings and sports arenas. Under the new Economic Development Division, HUD focuses on housing, entrepreneurship, and community economic development. Since 1990 national technical assistance grants have been awarded to consulting firms, municipalities, and other program operators to foster job creation and entrepreneurial activity in low-income areas.

As with OCS, HUD requires grant applicants to demonstrate the connection between proposed activities and access to employment opportunities for low-income people. For example, in December 1992 HUD awarded a grant to Newark's NCC to implement a five-year vocational education program for residents of NCC's transitional housing programs. Fifty residents will be trained each year in such occupations as building maintenance and rehabilitation, food service, and paramedical work.

To implement the new technical assistance programs, resource people will travel the country to help CDCs in low-income communities set up capacity-building efforts. The principal focus will be on commercial ventures that create new jobs, but some of the new undertakings are expected to involve human service activities, including employment training. Through a series of grants, HUD is also attempting to stimulate public-private partnerships involving financial institutions, CDCs, and local government agencies. Replicable models of job-creation successes are to be shared at future HUD-sponsored training symposia conducted for CDCs.

These national undertakings are expected to lead to cooperation by local government units. That will eventually encourage similar collaboration by affiliated national organizations, such as the National PIC Directors Association, which until now were oriented exclusively to Labor Department programs. Further experimentation and cross-fertilization between housing, job creation, and employment training programs can be expected under the administration of HUD Secretary Henry Cisneros.

Over the next several years, HUD, together with the new Empowerment Zone projects, hopes to be engaged in the management of the Community Development Banking and Financial Institutions Act. First introduced in 1993, the proposed law would create a new

federal fund to assist private community development lending initiatives in economically disadvantaged areas across the United States.

INTERMEDIARIES

Enterprise Foundation

The Enterprise Foundation is nationally known for its support of CDC affordable-housing programs in numerous cities. Less visible is its effort to help CDCs develop employment and training projects. Using a job network coordinator, the Enterprise Foundation provides seed funding for new CDC training initiatives. One such project is run by the St. Clair-Superior Coalition in Cleveland.

The St. Clair-Superior Coalition received Enterprise Foundation funding for a training project in Cleveland's St. Clair-Superior neighborhood. Cooperating in the project were the Lakeside Area Development Corporation and a group of local industrial firms, which marketed the coalition's training services to member companies. Activities focused on screening and placement of trainees in jobs with light manufacturing firms and with smaller merchants located on a commercial strip. As the program became more successful, it received additional funding from JTPA and local foundations. However, seed funding and technical assistance from the Enterprise Foundation clearly provided the catalyst that enabled the coalition to obtain more conventional resources.

Local Initiatives Support Corporation

The Local Initiatives Support Corporation (LISC), another well-known intermediary, recently announced the formation of a national commercial equity fund called The Retail Initiative (TRI). It will support CDC investments in neighborhood retail centers, especially supermarkets. TRI expects that CDCs will use the program's resources to expand development skills and expertise beyond housing, job creation, and job training as essential complements to the CDCs' housing endeavors. Program planners at LISC recognize that CDCs that work with retailers and wholesalers will eventually find job-referral opportunities for local residents. LISC staffers have observed the success of NCC's Pathmark Supermarket and its shopping center in Newark's Central Ward. NCC's ability to refer trainees to companies doing business with the shopping mall is an approach that LISC and others hope can be repeated elsewhere in the country.

Chapter 6

Conclusion

Despite all the obstacles, community development organizations remain firmly entrenched in the employment and training business. A significant fraction of CDCs and CBOs continue to be actively engaged in all manner of job training, placement, and counseling activities. Others have expressed a strong desire to enter, or re-enter, the training field.

BUILDING BRIDGES BETWEEN COMMUNITY DEVELOPMENT AND EMPLOYMENT TRAINING

Sometimes CDCs' employment training is conducted through formal, legal contracts, based on part of the nationally funded but locally managed Job Training Partnership Act. In other cases, CDC directors and staffers have left, or have been forced out of, the JTPA system, and depend on other sources of training funding, such as religious groups, or they subsidize their employment training out of existing resources, however scarce.

Several CDC directors and staff members endorse the view, widespread in the private sector, that they should not directly operate training programs. Rather, they should limit their roles to providing advocacy, brokering referral services to their constituents, and relying on specialized agencies and other organizations to handle training and placement. The mature CDCs are more likely to have withdrawn from the field. Other CBOs said they would like to be more actively involved in private-sector job-training programs in their locale, such as the much-praised Boston Compact, which links high schools and large private employers. But those CDCs and CBOs do not want to operate the training programs.

CASE STUDY: *The Boston Compact*

The Boston Compact is an agreement among several sectors of the community: schools, universities, unions, and private industry. In 1982 the Boston School Department committed itself to raising literacy and numeracy standards within four years. The business community pledged to offer part-time and summer jobs, and guaranteed entry-level full-time jobs after graduation, to students who stayed in school and who performed well.



The Boston Compact, a 1982 agreement by the city's schools, universities, unions, and industry to work together to raise educational standards and job prospects, is expanding to include training by community organizations.

With career specialists provided by the Private Industry Council in every district high school, the business community was able to fulfill its promise for several years, providing jobs to the city's youth after school, in the summer, and after graduation. The career specialists serve as "job coaches," and they

conduct telephone surveys of graduates to document hiring successes. Program advocates claim that by 1985 black high school graduates in Boston had at least as good a chance of being employed as nonminority graduates of other urban high schools across the country.

Although there was no explicit role for CBOs in this job-development initiative, more recently the architects of the Boston Compact have outlined opportunities for CBO participation. These include:

- **Alternative education.** Alternative schools operated by CBOs would be part of the program. Innovators in Education are attempting to build a system that will provide universal access to alternative education for dropouts. The Compact employs a career specialist to work exclusively with the city's array of alternative schools.
- **CBO training at the Hubert Humphrey Occupation Center.** Through an amendment to the 1990 round of vocational education legislation, funds are available for specialized community education and training centers. Program designers have expressed their intention to include CDCs and CBOs in the

design of both the training centers and related curricula for young people in Boston's inner-city neighborhoods.

- **The importance of the demand side.** At its peak, the Boston Compact was involved with some 900 Boston-area businesses. During the heyday of the "Massachusetts Miracle" in the mid-1980s, many high school graduates, both minority and white, often earned well above the minimum wage in their new jobs.

As the economy of New England collapsed in the late 1980s, companies found it increasingly difficult to honor their pledges. Even so, as recently as the summer of 1992, the Boston Compact was able to arrange some 2,700 summer jobs, at an average wage of more than \$5 an hour.

Ways of Approaching Employment Training

Although many CDCs and CBOs are engaged in at least some sort of systematic employment training, few actually have specialized staff responsible for managing such efforts. Not all CDCs can, should, or even want to add new staff dedicated to employment training. But many told us that they would create such positions if resources were made available to them. At the same time, all the interviewees said they should not be expected to add such burdens to the already heavy loads carried by existing staff.

Even where CDCs have decided not to become directly involved in running job-training programs, they can still serve as sources of referrals. Most employers' first source of information on prospective workers comes from the people already employed in those firms and agencies; that is one reason why changing longstanding discriminatory hiring patterns is so difficult. But especially for their more skilled and better-paid positions, employers want workers who are endorsed by recognized local institutions that will stand behind them. Schools and certificate-granting training entities are two examples of such institutions.

In the cities we visited, employers also rely on local churches, other businesses, the armed forces, and—where there is a history of cooperation with the community development movement—with CDCs and other CBOs. As we have reported, a number of CDCs responsible for housing projects have built on their track record of cooperation with the banks that have financed the projects to offer neighborhood residents jobs in those banks. Successful placements, in turn, strengthen the banks' sense of the CDCs as credible partners. This is precisely the kind of "virtuous circle" community developers are constantly seeking in their efforts to break out of the vicious circle of poverty.

Identifying Growth Sectors

Are there particular sectors of the local economy on which training and placement activities of CDCs and CBOs should be especially focused? What are the growth sectors of the future, and are community development groups correctly identifying them? And even if these growth sectors are being identified, do community residents have access to them?

In each of our site visits, we were greatly assisted by sketches of the recent history of the local economy, provided by Data Resources Inc. (DRI) of Lexington, Massachusetts (a division of McGraw-Hill Co.). Leslie Oringer of DRI made the most recent data available to us. Although CDC and CBO staff planners should be aware of special cases that open up in their regions, it appears from the DRI data and our own observations that certain sectors show the greatest promise for residents of inner-city areas such as those we visited. These growth sectors are:

- telecommunications—hardware, software, and services;
- hospitals and health care, including home and elder care;
- light manufacturing, especially in smaller companies and in specialized areas like medical and scientific instruments and environmental technologies;
- construction, maintenance, and service operations connected with airport and seaport expansion;
- recycling, and enforcement of environmental standards; and
- law enforcement and criminal justice.

Moreover, even though the Clinton Administration failed in its initial efforts to mount a national economic stimulus package, we remain convinced that the next decade will see a substantial increase in federal and state spending for public works. That will include everything from the repair of existing roads and bridges to experimental projects for extending and retooling the nation's intercity high-speed rail links. All this activity creates jobs for construction labor, and new work for minority contractors. At the same time, in cities like New York, Newark, and Los Angeles, minority contractors report more difficulties in landing contracts to provide construction or vending services to local airports, sports stadiums, and similar projects.

Perhaps it is time for funders and other influential institutions with a commitment to community development to return their attention to this sector, by supporting, for example, regional construction associations like those being created by the New York and Los Angeles port authorities. What makes these efforts different and more hopeful than previous endeavors is the presence of a "driver"—a major regional employer—in each of them. These projects also exemplify the principles of interorganizational networking.

CASE STUDY: *The New York-New Jersey Regional Alliance for Small Contractors*

During the last 20 years there have been many attempts by federal, state, and local governments, as well as by foundations and private associations, to further the growth of small construction companies owned by minorities or women. Most of these efforts have focused on contract "set-asides" and on providing intermittent technical assistance to such firms. Some companies have benefited, at least temporarily, but few have become established contractors over the long term. Worse, after the Supreme Court decision in City of Richmond v. J.A. Croson Co., 489 U.S. 469 (1989), a constitutional cloud has hung over many set-aside programs. In this decision, the court invalidated racially explicit set-aside programs on the grounds that overt reverse discrimination is unconstitutional. However, Croson was decided on extremely narrow grounds, and there is still room for local governments to achieve social justice goals in public construction projects. It was in this context that the Regional Alliance for Small Contractors was formed.



A course called "Bidding Strategies" is one of several efforts by the New York-New Jersey Alliance for Small Contractors to improve the chances of minority contractors to compete for construction business.

Created in 1989 and based in New York City, the New York-New Jersey Regional Alliance for Small Contractors was originally formed out of concern for the lack of success among construction firms owned by minorities and women. The construction industry has historically been a port of

entry to the work force for upwardly mobile racial and ethnic groups, both as workers and as owners, in part because participation in it does not require a college education or a great deal of capital.

The alliance's actual program design has allowed access to this network for all small construction firms, including white-owned businesses. In that way, the alliance is responsive to constraints imposed upon minority set-aside programs by the Supreme Court in the *Croson* case. Today, the Regional Alliance focuses on strengthening small firms so that they will be ready to take advantage of minority small-business programs that many local governments have newly designed or revised in the

wake of *Croson*. Building their capacity is no small matter. It requires a wide array of technical, educational, and financial resources. It requires a partnership between public agencies and large companies in the construction industry. And it requires a massive recruitment effort to attract and keep small companies involved in the efforts to assist them.

The Regional Alliance is an unusual partnership in that it includes so many of the leading public agencies, corporations, and businesses owned by minorities and women active in the construction industry in metropolitan New York and northern New Jersey. The Port Authority of New York and New Jersey was the initial force behind its formation.¹ Alliance leaders engaged such large companies as the Bechtel Corporation and Tishman Construction Corporation to join it in a nonprofit partnership. Now the alliance also includes Deloitte & Touche, Turner Construction Company, Morse Diesel International, the General Building Contractors of New York State, the New York State Department of Economic Development, the New Jersey Department of Commerce and Economic Development, New Jersey Transit, and the New Jersey Turnpike Authority. Since its founding, the Regional Alliance has grown from 17 partners to 62 and is assisting more than 900 small firms.

The alliance does not compete with more traditional programs of public agencies that target enterprises owned by minorities and women. Rather, it seeks to cooperate with and supplement the work of other agencies. But other programs are frequently too general and seek to serve too many industrial sectors. Such approaches are rarely successful in providing the comprehensive assistance that is possible with a thorough knowledge of one industry.

The alliance has gathered an impressive array of industry experts who analyze the problems of emerging companies and propose solutions. The organization does not provide general business plans or general financial systems. Instead, it offers specific assistance on, for example, estimating and other bidding problems, record-keeping, and methods of obtaining payments on invoices submitted. Solutions are provided by executives of private firms that deal with these problems every day. Moreover, the program creates advocates in the public agencies awarding the construction contracts.

Because of its promising initial success, the alliance is being replicated in three areas of New Jersey. New Jersey was chosen because of its proximity to the Regional Alliance's headquarters in New York City and because some northern New Jersey firms and agencies were already part of the alliance. Once the replication has been tested, the alliance will be ready to provide similar assistance to 10 to 12 other communities throughout the nation.

As the number of communities served increases, the alliance intends to form a national network of agencies that will implement alliance programs in their localities. The alliance will foster communication among network members to ensure the widest access to bidding opportunities and related resources.

The Alliance's Core Programs. In 1993 the Minority Business Development Agency at the U.S. Department of Commerce funded an assessment of minority business enterprise (MBE) assistance programs nationwide. The findings were prepared by economist Timothy Bates, recently associated with the Center for Economic Studies of the U.S. Bureau of the Census and one of the country's foremost experts on community economic development and minority business enterprise.²

Bates highlighted the activities of the Regional Alliance, stating that its major program—called Managing Growth—“is demonstrably effective in positively impacting the behavior of recipient firms. [It] offers a powerful model of MBE assistance; it deserves to be emulated throughout the country.”³

The Managing Growth program consists of classroom instruction on topics essential to construction company management like bidding strategies, construction contract law, and contract administration. Instructors come from large construction, law, accounting, and computer firms and offer professional, up-to-date techniques used by those firms.

Of the firms served by the alliance's Managing Growth program as of early 1993, approximately 78 percent were firms owned by women or minorities. Of the minority firms, 23 percent were Hispanic-owned and 64 percent were owned by African-Americans.

The alliance recruits these firms by going beyond the standard mailing of notices of programs and courses. Staff make many telephone calls and send recruiters to places where small-scale contractors congregate. Each firm they reach is asked to suggest others that might be interested. This large networking effort has uncovered many small companies that would otherwise have remained invisible.

The alliance's other core programs help strengthen the internal operations of targeted firms as well. They provide individual counseling to firms having problems on a contract; assistance in obtaining financing for ongoing operations; help with access to bonding resources; and comprehensive information about contracting opportunities, usually only available to the largest firms subscribing to special services.

The alliance also gathers information from contractors about their problems, then seeks to identify possible causes. When a cause appears to be external to the small business—unreasonable or unrealistic bonding requirements, overly bureaucratic or “old boy” public-agency procurement practices, too-stringent bank loan requirements—the alliance works for changes in those practices. It works with public agencies, banks, and bonding, and with other insurance firms to determine where simple policy changes can be made, where additional information can be provided, and where legislative changes are needed.

Economic Conversion and the Defense Industry

Like construction companies, defense contractors have long been employers of a disproportionate number of minority workers, especially in Los Angeles, San Jose, San Antonio, and Phoenix.⁴ With the decrease in defense contracts following the end of the Cold War, many former military contractors are facing hard times. The only acceptable solution to this crisis is a national crash program of economic conversion. The nation must redirect the energies of these companies—and the smaller firms supplying them—into building high-speed trains, constructing networks of health clinics in urban neighborhoods and rural areas, rewiring the country with fiber-optic “highways” for business and household use, and developing and marketing new technologies for cleaning up and protecting the environment.⁵

Both for sound business reasons and because military contractors have played such an important role in the employment and technical training of minorities, CDCs and CBOs should become actively involved in economic conversion programs. The 1992 revisions of JTPA explicitly provide retraining funds for “conversion adjustment assistance,” in Title III, Section 325. So do the Clinton Administration’s several proposed employment training bills now before Congress.

The fate of the Small Business Administration’s Section 8a minority business set-aside program is unclear in this time of military conversion. Networks of CDCs and their foundation and corporate sponsors might want to take a position on this issue before set-asides and subcontracts lapse or are terminated. For example, skilled minority technicians in the military will become available in many cities because of defense cutbacks. Some might be recruited to become minority business contractors or employees in new infrastructure projects.

WHAT PART WILL COMMUNITY DEVELOPMENT CORPORATIONS PLAY?

Should the capacities of individual CDCs be expanded to encompass this array of challenges, especially employment training? Or should CDCs be encouraged to form or join networks, whose collective capacity-building would be an objective of both the family foundations and public policy?

After two years of field work, research, and many conversations with CDC and other CBO staff, and with the staff of the Ford Foundation’s Urban Poverty program, we have come to share the view of many activists. We believe that CDCs should probably not, except in unusual cases, be encouraged to develop their own employment-training programs. What CDCs do need is assistance in enhancing their ability to network with specialized agencies, community colleges, and employers who can train and place CDC constituents.

We mean networking in both the conventional sense of individuals developing a variety of contacts, and in the more formal sense in which technical skills are acquired for participating in computerized information systems such as job banks and minority contractor bid requests. What community organizations need most is long-term funding to enhance their

capacity to engage larger numbers of geographically dispersed employers and training entities, thereby training inner-city residents for an increasingly diverse mix of occupations.

Networking complements such traditional CDC activities as building housing and neighborhood-oriented small businesses and financing social services addressing urban poverty and racial discrimination. As noted, networking emphasizes the forging of strong, effective, and long-lasting links to the larger community. Targeted investment in community organizations, small-business networks, and business incubators is consistent with those objectives.

We believe that, in its future grant-making—either as a criterion for selecting projects to fund, or at least as a criterion for evaluation—the Ford Foundation and other private and public agencies should expect prospective grantees to demonstrate how they plan to make connections, span boundaries, and open doors. As we have continually emphasized, the most effective CDCs and CBOs we observed are those that are good at, and assign the highest priority to, networking across organizational and territorial boundaries.

As in most discussions about job training, emphasis is usually placed on the capabilities and motivation of prospective trainees, vendors of training services, and community organizations themselves. But, as noted by the late Sar Levitan, a George Washington University economist who studied U.S. employment training for four decades, "The main obstacle to expanding cooperative education for non-college-bound students is inadequate employer involvement."⁶

The same may be said of the entire job-training system. That is why, when private insurance and banking employers in Boston were experiencing real labor shortages, innovative programs such as the Boston Compact could be so effective, by guaranteeing entry-level jobs to teenagers who stayed in school and earned their diplomas or degrees. When the economy weakened, and employers could no longer live up to their commitments, the program faltered. Without a strong demand for labor, job training is bound to seem a luxury.

In the present financial environment in the United States, employers must engage the system, or it will not perform. That is why we have emphasized the attractiveness of public-private partnerships such as the New York-New Jersey Port Authority Career Center and the Job Links program in Pittsburgh, where major employers are induced by creative community leaders to articulate a demand for labor and a willingness to engage in job training. The Ford Foundation, other funders of CDCs and CBOs, and the Clinton Administration should continue to use their influence to meet with major private and public employers and urge "demand-side-driven" approaches to employment training. The essentially "supply-side" programs examined here are surely necessary, but as Levitan rightly asserts, they are manifestly insufficient to get the job done.

A few CDCs in each region of the country—the New Community Corporation in Newark, the Center for Employment Training in San Jose, Chicanos Por La Causa in Phoenix—have successfully managed to mount their own job-training programs. But the

greatest successes, and the most hopeful examples we have found, are examples of citywide (and even metrowide) networks of community organizations—COPS/METRO in San Antonio, the Pittsburgh Partnership for Neighborhood Development, WIRE NET in Cleveland, the Chicago Jobs Council. They are geared to connecting neighborhood residents to mainstream institutions that can get them quality training and, eventually, lasting jobs. Especially promising are networks that connect neighborhood residents to city and community colleges, employers' associations, big downtown banks with which the CDCs already do business related to housing or mortgages, and such large, regionwide employers as port authorities.

A FINAL WORD

Let us end by passing along a word of wisdom from Florence Williams—a veteran of the community development movement, who was one of our hosts at the New Community Corporation and a member of our project's advisory board. From her long experience as an administrator of human services programs for the State of New Jersey and as director of human resources at NCC, Williams observes that a big step in the life of any CBO comes when it begins to move beyond an exclusive focus on its own neighborhood to include activities with the surrounding community. At that moment, the complexity of the organization chart and the demands that will be made on staff increase tenfold.

Not all CDCs choose to make that leap. And precisely because of the complexities, even those that do must choose their spots, deciding which networks they want to work with and which they will pass up. Employment training, with its associated networks, is only one of many program areas with which CDCs might choose to become involved. The key word is "choose." We think that training is a vital area. But the choice belongs to those who must live with its consequences.

Thus, our most important recommendation is to support community development organizations in making an informed choice about whether, how, and to what extent, when it comes to employment training, they should make the leap that Florence Williams described, from their internal world to the larger world outside.

Glossary of Acronyms

AFDC	Aid to Families with Dependent Children	JOLI	Job Opportunities for Low-Income Individuals (OCS)
ALEX	Automated Labor Exchange System	JTPA	Job Training Partnership Act
CANDO	Chicago Area Neighborhood Development Organization	LETC	Labor Employment and Training Company (Los Angeles)
CBO	community-based organization	LISC	Local Initiatives Support Corporation
CCAC	Community College of Allegheny County (Pittsburgh)	MAUC	Mexican American Unity Council (San Antonio)
CDC	community development corporation	MBE	minority business enterprise
CET	Center for Employment Training (San Jose)	MET	Mayor's Office of Employment and Training (Chicago)
CETA	Comprehensive Employment and Training Act	NCC	New Community Corporation (Newark, N.J.)
CJC	Chicago Jobs Council	NEWSED	New West Side Economic Development Organization (Denver)
CLE	Center for Law and Education (Cambridge)	NORBIC	North Business Industrial Council (Chicago)
COPS	Communities Organized for Public Service (San Antonio)	OCS	Office of Community Services (HHS)
CPLC	Chicanos Por La Causa (Phoenix)	OEO	Office of Economic Opportunity (HHS)
CRA	Community Reinvestment Act	OPDC	Oakland Planning and Development Corporation (Pittsburgh)
CSA	Community Services Administration (HHS)	PCRG	Pittsburgh Community Reinvestment Group
CUED	Center for Urban Economic Development (Chicago)	PIC	Private Industry Council
CWED	Community Workshop on Economic Development (Chicago)	PNC	PNC Bank Corporation
DOL	U.S. Department of Labor	PPND	Pittsburgh Partnership for Neighborhood Development
DRI	Data Resources Inc. (Lexington, Mass.)	QUEST	Quality Employment Through Skills Training (San Antonio)
GDP	gross domestic product	TRI	The Retail Initiative
GED	General Educational Development	UDAG	Urban Development Action Grant (HUD)
HBRDC	Homewood-Brushton Revitalization and Development Corporation (Pittsburgh)	WIRE NET	Westside Industrial Retention and Expansion Network (Cleveland)
HHS	U.S. Department of Health and Human Services	WSIT	West Side Institute of Technology (Cleveland)
HUD	U.S. Department of Housing and Urban Development	YEN	Youth Enterprise Network (Chicago)

Notes

Preface

1. A list of organizations and individuals interviewed in each location is available from Marcus Weiss, President, Economic Development Assistance Consortium, One Faneuil Hall Marketplace, Boston, Mass. 02109; (617) 742-4406.

Introduction

1. The opening quotation is from Joan Fitzgerald, "Labor Force, Education and Work," in Richard D. Bingham and Robert Mier, eds., *Economic Development in the United States: Toward a Theoretical Perspective* (Beverly Hills, Calif.: Sage, 1993).

Chapter 1 Employment Training and the Changing Labor Force

1. For reviews of the statistical evidence of positive payoffs to government-funded job-training programs, see Burt S. Barnow, "Government Training As a Means of Reducing Unemployment," in D. Lee Bawden and Felicity Skidmore, eds., *Rethinking Employment Policy* (Washington, D.C.: Urban Institute Press, 1989) and Norman Bowers and Paul Swaim, "Probing (Some of) the Issues of Employment-Related Training and Wages: Evidence from the CPS," U.S. Congressional Joint Economic Committee, Washington, D.C., June 1992, mss. The latter estimate the annual rate of return to job-training programs, defined as additional earnings for each extra dollar of program funding, to be between 7 percent and 9 percent. In a more general context—that is, not limited to training programs for low-income populations—Cornell University's Rosemary Batt and M.I.T.'s Paul Osterman found skills training and "associated flexible human resource systems" to produce measurable productivity and quality improvements in companies that implement them. Rosemary Batt and Paul Osterman, *A National Policy for Workplace Training: Lessons From State and Local Experiments* (Washington, D.C.: Economic Policy Institute, 1993).

In 1993 Abt Associates released an evaluation of JTPA Title II-A's effects on earnings and weeks of employment, 18 months after trainees left the program. The evaluation was conducted on contract to the Department of Labor between November 1987 and September 1989. The methodology involved random assignment of cohorts into treatment and control groups. Howard S. Bloom, et al., *The National JTPA Study: Title II-A Impacts on Earnings and Employment at 18 Months* (Bethesda, Md.: Abt Associates, Inc., 1993).

The evaluators found that, 18 months out, the earnings of adult women aged 22 and up were a little more than 7 percent higher than those of the non-JTPA controls; their weeks of

employment were about 2 percent greater. For adult men, the earnings differential averaged 4.5 percent; there was no significant employment differential. These findings are almost identical to those obtained by Bowers and Swaim, the two highly regarded government career statisticians cited above (chap. 1, n. 1), using the monthly Current Population Survey as their data base and also looking mainly at adult workers. As Harvard University labor economist Richard Freeman argues, because social statistics are often unreliable, findings are more believable when they can be replicated using different data and several methodologies.

In the Abt study, out-of-school women aged 16 to 21 showed neither earnings nor employment payoffs, and we are not surprised, given the 18-month perspective and their young age. As Osterman has long argued, the payoffs generally come much later, as people start to "settle down" in their mid-to late 20s.

The really controversial result in the Abt evaluation was the finding that out-of-school men aged 16—21 earned almost 8 percent *less* than the controls who hadn't experienced JTPA. This negative number has drawn a lot of attention. But the fine print reveals that it is driven almost entirely by the one-quarter of that cohort who ended up in jail, which of course leaves them with lower earnings and employment than their opposite numbers in the control group of the same age. When that tragic 25 percent is removed from the sample, the young men look just like the young women; there is no measurable impact of JTPA at all.

The lesson to be drawn from all of this is that JTPA is grossly inadequate to the needs of CDCs' and other CBOs' constituents—especially the youth constituency. That is precisely why we are all searching for signs of new, more innovative approaches to job training, placement, and follow-up.

2. Bennett Harrison and Barry Bluestone, *The Great U-Turn: Corporate Restructuring and the Polarizing of America* (New York: Basic Books, 1988); Lucy Gorham and Bennett Harrison, *Working Below the Poverty Line: The Growing Problem of Low Earnings Across the United States* (Washington, D.C.: The Aspen Institute, 1990). Harrison, Bluestone, and Gorham have been interested mainly in changes over time in the distribution of individual earnings. On rising inequality in the distribution of family income and wealth, see Paul Krugman, "The Right, the Rich, and the Facts: Deconstructing the Income Distribution Debate," *The American Prospect*, Fall 1992.
3. Bennett Harrison and Lucy Gorham, "Growing Inequality in Black Wages in the 1980s and the Emergence of an African-American Middle Class," *Journal of Policy Analysis and Management*, February 1992. For working whites, the incidence of low annual wages was one in four in 1979 and nearly three in ten in 1987.
4. Frank Levy and Richard J. Murnane, "Earnings Levels and Earnings Inequality: A Review of Recent Trends and Proposed Explanations," *Journal of Economic Literature*, September 1992.
5. Paul Osterman, "Elements of a National Training System," in Louis A. Feman, Michele Hoyman, Joel Cutcher-Gershenfeld, and Ernest J. Savoie, eds., *New Developments in Worker Training: A Legacy for the 1990s* (Madison, Wis.: Industrial Relations Research Association, 1990), p. 261. The alarm was first sounded by William B. Johnston and Arnold E. Packer of

the Hudson Institute, in a report to the U.S. Department of Labor, subsequently published as *Workforce 2000* (Washington, D.C.: U.S. Government Printing Office, 1988). For useful critiques of Johnston and Packer's methodology, although not their central message—that racial minorities and women will make up the majority of new entrants to the U.S. work force—see Lawrence Mishel and Ray A. Teixeira, "The Myth of the Coming Labor Shortage," *The American Prospect*, Fall 1991, and Thomas A. Kochan and Paul Osterman, "Human Resource Development and Utilization: Is There Too Little in the U.S.?", Sloan School of Management, M.I.T., February 1991.

Just as Lester Thurow did two decades ago, a number of contemporary critics warn that, should the predicted bullish increase in the demand for skilled labor not materialize, a national program to increase the supply of educated workers could result in widespread alienation, as graduates find themselves trapped in jobs that underutilize their capabilities. Cf. Frank Levy and Richard J. Murnane, "Where Will All the Smart Kids Work?," *Journal of the American Planning Association*, vol. 58, no. 3, Summer 1992.

6. Let us not exaggerate the likelihood that employers are on the verge of spending enormous sums on training residents of low-income neighborhoods. Caution is warranted in predicting the effort U.S. firms are likely to make in training of any employees in the near future, if the recent past is any guide. According to Ray Marshall and Marc Tucker, authors of *Thinking for a Living: Education and the Wealth of Nations* (New York: Basic Books, 1992), while U.S. companies are estimated to have spent about \$30 billion a year during the past decade on education and training, at least two-thirds of that sum went to college-educated professionals, and 90 percent was expended by just one-half of 1 percent of the nation's firms. As a recent report from the Paris-based Organization for Economic Cooperation and Development shows, private-sector training investments per capita are far more extensive in Japan, Germany, and Sweden, and far more equally accessible. See "Enterprise-Related Training," *Employment Outlook (OECD)*, July 1991.
7. Bennett Harrison, "Why Private Investment Fails," *The American Prospect*, Fall 1992.
8. During the recent cycle, from 1979 to 1989, annual productivity growth across all U.S. industries lagged behind that of Canada, France, Italy, Sweden, and Japan. Even the United Kingdom managed to outperform the United States. See Lawrence Mishel, David M. Frankel, and the staff of the Economic Policy Institute, *The State of Working America: 1990-91* (Armonk, N.Y.: M.E. Sharpe, 1991), pp. 255-258, and Lawrence Mishel and Jared Bernstein, *The State of Working America: 1992-93* (Armonk, N.Y.: M.E. Sharpe, 1993), p. 422.

During this period, manufacturing productivity seemed to be rebounding from the slowdown of the 1970s. But these gains were concentrated overwhelmingly in one sector—the computer industry—and were substantially attributable to layoffs, shutdowns, automation, or to the Census Bureau's ways of accounting for inflation and improvements in the quality of computers offered for sale. After many interchanges between the Economic Policy Institute's Mishel and officials of the Census Bureau, the bureau adjusted its own estimates of average annual manufacturing output growth between 1979 and 1987 downward by a full 38 percent. The revised average annual growth rate of 1.46 percent during the 1980s was well below

- comparable rates achieved by many foreign competitors, and far below the long-run rate of growth in the United States that characterized the long period from the end of World War II to 1973. Of course, productivity *has* increased substantially in particular companies—even with the addition of more employees. See Martin Neil Baily, Eric J. Bartelsman, and John Haltiwanger, "Downsizing and Productivity Growth: Myth or Reality?", National Bureau of Economic Research, Working Paper No. 4741, May 1994.
9. Bill Brock, Ira C. Magaziner, and Ray Marshall, *America's Choice: High Skills or Low Wages? The Report of the Commission on the Skills of the American Workforce* (Washington, D.C.: National Center on Education and the Economy, June 1990). See also Marshall and Tucker, *op. cit.*
 10. Cf. Michael L. Dertouzos, Richard K. Lester, Robert M. Solow, and staff of the M.I.T. Commission on Industrial Productivity, *Made in America: Regaining the Productive Edge* (Cambridge, Mass.: M.I.T. Press, 1989); Bennett Harrison, *Lean and Mean: The New Landscape of Corporate Power in the Age of Flexibility* (New York: Basic Books, 1994); and Thierry Noyelle, *Beyond Industrial Dualism* (Boulder, Colo.: Westview Press, 1987).
 11. Mishel and Frankel, *op. cit.* The Japanese government does a little worse than the United States on this score, but the consequences are less serious because of the substantial training efforts of the big Japanese corporations. U.S. corporations almost surely lag well behind many foreign competitors in how much (or how well) they invest in training nonmanagerial employees. See Kochan and Osterman, *op. cit.*, and Anthony P. Carnevale, *America and the New Economy* (San Francisco: Jossey-Bass, 1991).
 12. Marshall and Tucker, *op. cit.* p. 203.

Chapter 2 Networks: the Name of the New Game

1. Bennett Harrison, *Lean and Mean: The Changing Landscape of Corporate Power in the Age of Flexibility* (New York: Basic Books, 1994), and Rosabeth Moss Kanter, *When Giants Learn to Dance: Mastering the Challenges of Strategy, Management and Careers in the 1990s* (New York: Simon & Schuster, 1990).
2. Our impressions were given statistical support with the publication of results of a comprehensive survey of activities of 130 CDCs around the country, based on interviews and field observations completed in 1988. Avis C. Vidal, *Rebuilding Communities: A National Study of Urban Community Development Corporations* (New York: Community Development Research Center, Graduate School of Management and Urban Policy, New School for Social Research, 1992). The New School sample was deliberately tilted toward somewhat larger urban CDCs, and stratified by region and age of the organization—whether it had been founded in the 1960s, 1970s, or 1980s.

Of the 130 CDCs studied, 71 were found to engage in both housing development and at least one aspect of employment training: job training, placement, or counseling. Fifty-seven of these CDCs do both commercial development and employment training. Fifty-four operate or assist local businesses while simultaneously involved in employment training activities (Vidal, 1992: 74).

3. John Burghardt and Anne Gordon, *More Jobs and Higher Pay: How An Integrated Program Compares with Traditional Programs: The Minority Female Single Parent Demonstration* (New York: Rockefeller Foundation, 1990). This is a summary of a series of evaluations of CET and three other organizations, conducted under contract to the Rockefeller Foundation by Mathematica Policy Research.

Chapter 3 Opportunities

1. Brock, Magaziner, and Marshall, op. cit.; Carnevale, op. cit.; Kochan and Osterman, op. cit.; Marshall and Tucker, op. cit. See also Robert H. Haveman and Daniel H. Saks, "Transatlantic Lessons for Employment and Training Policy," *Industrial Relations*, vol. 24, no. 1, 1985.
2. James Jacobs, "Training the Workforce of the Future," *Technology Review*, August-September 1989, p. 68.
3. Rosemary Batt and Paul Osterman, "Workplace Training Policy: Case Studies of State and Local Experiments," Economic Policy Institute, Washington, D.C., Working Paper No. 106, January 1993, pp. 28-42.
4. The tension in the two-year college system can be traced to the founding of the American Association of Junior Colleges in 1920. See Steven Brent and Jerome Karabel, *The Diverted Dream: Community Colleges and the Promise of Educational Opportunity in America: 1900-85* (New York: Oxford University Press, 1989).
5. Barry Bluestone and Bennett Harrison, *The Deindustrialization of America* (New York: Basic Books, 1982).
6. Jacobs offers an all-too-common example. "In the early 1980s," he writes, "community colleges across Michigan started providing courses in robotics. People streamed in, mistakenly assuming that because robots were causing layoffs, most workers would need to be robot technicians. Community colleges rushed to offer additional classes in this area. But then it became clear that more robotics technicians were being trained than the state would need for the next two decades." Jacobs, op. cit., p. 69. For an especially thoughtful critique of what is often called the "corporatist" approach to vocational education, see Fitzgerald, op. cit.
7. Jacobs, op. cit., pp. 69-71.
8. As Jacobs puts it, "The industrial experience of most staff predates the microcomputer" (op. cit., p. 70). Indeed, students must develop skills that cross traditional, narrowly defined fields, to be in sync with the latest technological developments. For example, Jacobs says, "when a computer-controlled machine breaks down...workers have to know whether the problem is electronic or mechanical" (op. cit., p. 71). Indeed, in Japanese factories, schools, and even popular magazines, ours is commonly called the age of "mechatronics."
9. Center for Law and Education, *Newsnotes*, December 1991, p. 2.
10. Larry Rosenstock, "The Walls Come Down: The Overdue Reunification of Vocational and Academic Education," *Newsletter of Phi Delta Kappa*, February 1991.

11. Center for Law and Education, op. cit., p. 1.
12. We witnessed this tremendous enthusiasm firsthand in June 1992 at a Joyce Foundation retreat on the outskirts of Chicago.
13. Sar A. Levitan, Garth L. Mangum, and Stephen L. Mangum, *A Training Program for the 1990s: Reflecting on Campaign Proposals* (Washington, D.C.: Center for Social Policy Studies, George Washington University, October 1992), p. 18. Federal funds still account for only about one-tenth of expenditures for vocational education nationwide. Thus, the immediate future of Tech-Prep depends mainly on initiatives—and funding—at the level of the states and individual school districts. Even Tech-Prep planning grants, for an individual school district or high school, are far too small to have much of an aggregate impact. Fitzgerald, op. cit.
 Moreover, too many vocational education teachers are resisting the Perkins reforms. They fear that however good the original intention, the practical result in this fiscally austere era is to impose a de facto intensification ("speed-up") of their already heavy work loads. For example, "a recent letter from the editor of *Vocational Training News* warns potential subscribers that 'Washington has some nasty surprises in store for voc ed administrators...New [Perkins] regulations require costly evaluations for school districts and their voc ed programs. You'll have to meet stricter performance standards than ever before.' Further, most teachers have never shared curriculum development responsibilities and many do not welcome the turf invasion by business, labor, parents or local residents." Fitzgerald, op. cit., p. 200.
14. The case study of Bethel New Life is based on the writing of Sheila Radford-Hill, formerly of Bethel New Life and now executive director of the Chicago office of Cities in Schools, a national dropout-prevention collaborative; on the Center for Law and Education, *Newsnotes*, December 1991, pp. 9-10; on the article "Economic Development" in the Joyce Foundation newsletter *Work in Progress*, May 1993; and on interviews with Prof. Joan Fitzgerald, of the Center for Urban Educational Research and Development at the University of Illinois at Chicago, and with Luther Snow, director of the Chicago citywide CDC-CBO network called the Community Workshop on Economic Development. CWED played an integral role in creating Bethel New Life's Youth Enterprise Network.
15. Many veteran analysts of employment and economic development policy, including Timothy Bates and Sar Levitan, question the wisdom of raising the expectations of young children from poor neighborhoods that self-employment can indeed be a path to long-term financial self-support. On the other hand, such organizations as the Washington-based Institute for Women's Policy Research now actively promote workshops in which women—especially women of color—can feel free to debate the pros and cons of self-employment.
16. Radford-Hill, comments in *Newsnotes*, loc. cit.

Chapter 4 Frustrations

1. This remark was made to the Faculty Study Group on the State and the Poor, chaired by Sam Beer, at the Kennedy Institute of Politics, Harvard University, October 1969. For further discussion of this stigma, see Bennett Harrison, *Education, Training, and the Urban Ghetto* (Baltimore: Johns Hopkins University Press, 1972).
2. Individual states have more stringent criteria for what constitutes a successful placement. For example, California's training programs will not reimburse a private contractor unless placements last at least 90 days following the training. Batt and Osterman, *op. cit.*, p. 4.
3. Echoing an opinion we heard often, from many CDC directors as well, this official also suggested that all the private sector expected from CDCs and CBOs was to "deliver" job-ready candidates for employment. "Get people to show up on time; we'll do the rest," he told us, reflecting a feeling that is widespread, especially among businesspeople. Given the national statistics on how little classroom and on-the-job training U.S. companies actually provide for any but managerial employees, especially compared with their Japanese and German competitors (Carnevale, *op. cit.*; Kochan and Osterman, *op. cit.*), we find this sentiment on the part of private-sector interviewees a bit disingenuous.
4. Levitan, Mangum, and Mangum, *op. cit.*, p. 7.
5. There is a much larger principle at issue here. Some scholars, such as William Julius Wilson, the University of Chicago's eminent sociologist, and Robert Kuttner, the prominent economics journalist, argue that employment training and other social programs ought to aim for as much universality as possible in order to expand the public constituency for defending and improving them. In other words, employment training ought to become more like Social Security: a government program in which everyone has a stake.
6. Michael Porter, *Capital Choices: Changing the Way America Invests in Industry* (Washington, D.C.: Council on Competitiveness, 1992). For a survey of the larger issues, and a detailed analysis of the findings of Porter & Co., see Harrison, "When Private Investment Fails," *op. cit.*
7. The younger CDCs also need "patient venture capital" to finance their efforts to expand beyond housing and real estate development, but that is another story.
8. To the extent that the use of such signals systematically reproduces racially or otherwise discriminatory outcomes—and there is no question that low-income inner-city residents of color are less likely to own cars than are other groups—then economists and sociologists say that a process of "statistical discrimination" is at work. This sort of de facto racism is much harder to eliminate than overt acts of employment discrimination. For a nontechnical introduction to the idea of statistical discrimination, see Joleen Kirschenman and Kathryn M. Neckerman, "We'd Love to Hire Them, But...: The Meaning of Race for Employers," in Christopher Jencks and Paul Peterson, eds., *The Urban Underclass* (Washington, D.C.: Brookings Institution, 1991).
9. The Pittsburgh Area Transit Authority held hearings on whether to create a bus lane to run from downtown to the airport, some 18 miles to the northwest. Hill District and other inner-

city residents, and state representative (now mayor) Tom Murphy, testified that since 1990, "at least four companies [have] left the city and moved to [an Allegheny County-funded industrial] park out by the airport. Three thousand jobs went with them." One resident, a black woman who had worked for a major downtown bank for many years as a computer operator, had no car and so could not follow her job as the bank moved its "back office" computer operations out to the airport. Fred Gustafson, "Tom Murphy's Political Marathon," *In Pittsburgh*, Oct. 22-28, 1992, p. 5.

10. For a more optimistic view, see Penelope Lemov, "The Impossible Commute," *Governing*, June 1993.
11. This description of Suburban JobLink draws from Mark Alan Hughes and Julie E. Steinberg, *The New Metropolitan Reality: Where the Rubber Meets the Road in Antipoverty Policy* (Washington, D.C.: The Urban Institute, 1992), pp. 45-47, 58-59. This book reviews several reverse commuting projects, including JobLink.
12. Mike Davis, *City of Quartz* (New York: Vintage, 1991), p. 346; John Gardner, "Good COPS," *In These Times*, Nov. 1, 1993, pp. 17-19.

Chapter 5 Prospects: Where are the FEDS and the Intermediaries Heading on Employment Training?

1. This section is based on the *Federal Register*, Dec. 29, 1992, pp. 62, 003-62, 073; and on background materials kindly provided by Richard McGahey, now staff director of the U.S. Congressional Joint Economic Committee, and by William Cahir, a member of the staff of Senator Edward M. Kennedy.

Chapter 6 Conclusion

1. At the same time, the Office of Business and Job Opportunity of the New York-New Jersey Port Authority commissioned an exhaustive planning report on how the Alliance might help develop a larger pool of skilled construction workers for new and existing contractors. The report, by Thomas Bailey and Roger Waldinger, is titled "Access and Opportunity: Developing a Skilled Construction Labor Force in the Port Authority Region," January 1989.
2. Cf. Timothy Bates, *Major Studies of Minority Business: A Bibliographic Review* (Washington, D.C.: Joint Center for Political and Economic Studies, 1991); id., *Banking on Black Enterprise* (Washington, D.C.: Joint Center for Political and Economic Studies, 1993).
3. Timothy Bates and Darrell Williams, *Case Studies of Minority Business Assistance Programs* (Minority Business Development Agency, U.S. Dept. of Commerce, Sept. 1993), p. 22.
4. For details on the effect of military hiring on narrowing the gap between black and white earnings from the end of World War II through the early 1980s, see the discussion, and references cited, in Gorham and Harrison, "Growing Inequality in Black Wages in the 1980s," op. cit.
5. Bill Clinton and Albert Gore, Jr., *Putting People First* (Washington, D.C.: Democratic National Committee, May 1992); Harrison, *Lean and Mean*, op. cit., ch. 10.
6. Levitan, Mangum, and Mangum, op. cit., p. 1.

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